



# **Daily Report**

## **China**

FBIS-CHI-92-062  
Tuesday  
31 March 1992

# Daily Report

## China

FBIS-CHI-92-062

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31 March 1992

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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**General**

**Report Reveals Plan To Form Anti-American Front**

HK3103110792 Hong Kong CHENG MING in Chinese No 174, 1 Apr 92 p 28

[Article by Lu Yen (7120 3601): "Foreign Affairs Report on Establishment of Anti-American Front"—first paragraph is CHENG MING introduction]

[Text] Through the State Council "Research Office" and the "Overseas Information Office," the conservatives within the party jointly concocted a report, suggesting establishing an anti-American united [lian he 5114 0678] front embracing China, North Korea, and Vietnam, assisting the reestablishment of communist parties in the Soviet Union and Eastern Europe, supporting the Middle East countries' policies in opposition to the United States and the West, and wooing Third World countries to antagonize the United States. After the report was submitted to the central authorities, Qiao Shi, Li Ruihuan, and others disagreed.

The party conservatives with Chen Yun as the chief behind-the-scenes backer are pursuing at home a line of saving the party with ideology to antagonize Deng Xiaoping's "one center," and abroad, they are carrying out an ultra-left diplomatic line in an attempt to "uphold the anti-American, anti-imperialist great banner."

In the middle ten days of September last year, the report jointly concocted by the States Council Policy Research Office [as published] and the Overseas Information Office "On the Establishment of a Three-Nation United Front Against U.S. Hegemony" was an ultra-leftist product.

**Planning to Establish a China-North Korea-Vietnam United Front**

The report suggests establishing a united front embracing China, North Korea, and Vietnam, and opposing the subversion, intervention, infiltration, and aggression of the Third World by the West headed by U.S. imperialism and assisting and allying with the peoples and political parties of the countries all over the world subjected to the bullying and oppression, exploitation, and aggression by imperialism to resist the hegemony and power politics pursued by the countries headed by the United States.

The report has the following six major points:

**Assisting the Reestablishment of Communist Parties in the Soviet Union and Eastern Europe**

—Giving moral support for and financial assistance to the reestablishment and restoration of Marxist political parties in Eastern Europe and the Soviet Union.

—Forming alliances based on mutual assistance with Pakistan and India and setting up an anti-aggression, anti-subversion joint military authority to contend with the United States.

—Under the five principles of peace and friendship, maintaining normal friendly relations with Indonesia, Thailand, Malaysia, Mongolia, Burma, Singapore, and Bangladesh and uniting with all the forces that can be united.

**Supporting Anti-American Forces in the Middle East**

—Supporting the Middle East countries' policies against the United States and the West, and supporting the countries in weakening the development of the Western economy by using petroleum as a weapon.

—Confronting throughout Asia the revival of Japanese militarism and Japan's economic aggression policy abroad, demanding that Japan compensate the losses it caused during World War II, and establishing "a joint organization for Asia to claim compensation from Japan for the losses it suffered during World War II."

—Supporting the countries, political parties, and organizations in Latin America in opposing U.S. imperialist aggression, intervention, sabotage, and subversion and giving material support to Cuba, which is an anti-American outpost.

It has been reported that the draft report was concocted by Gao Di and Zhu Muzhi at the suggestion of Wang Renzhi and Deng Liqun, recommended by Yuan Mu to the State Council, and proposed by Wang Zhen and Song Renqiong to be submitted to the Political Bureau for discussion. Li Xiannian wrote a comment on the report, reading: "The direction of its conception is correct. Will the Political Bureau please consider it and see if it is feasible?"

**Qiao Shi's Written Comment: It Turns Back the Clock 25 Years**

After the report was submitted to the central authorities, it was turned back by Qiao Shi, who wrote a comment on it, reading: "A conception incommensurate to the times. It turns back the clock 25 years."

Li Ruihuan also wrote a comment on the report, reading: "I completely agree to Comrade Qiao Shi's views."

The appearance of the draft report was the outcome of the ultra-left trend of thought within the party. As the world situation and pattern have changed, the conservatives within the CPC were compelled to change their tactics. They tried to unite with the surviving forces of the communist parties in the Soviet Union and Eastern Europe, gather together anti-democratic counterrevolutionary forces in the world, and draw over Third World countries to their side, create division and sow dissension between the latter and the Western countries.

including the United States by capitalizing on the contradictions between the two sides, in an attempt to turn China into "an anti-American, anti-imperialist center."

A senior cadre working in the State Council pointed out: In concocting the draft report, the conservatives within the party suffered from "a self-seclusion disease" and wanted to follow the beaten track during the Great Cultural Revolution. If the CPC and Western countries including the United States become hostile to each other, this is tantamount to a rupture with the advanced productive forces. It will make China lag far behind other countries in the world.

### Article Views Economic Role in Asia-Pacific

*HK3003134992 Beijing GUOJI SHANGBAO  
in Chinese 29 Feb 92 p 3*

[Article by Chen Luzhi (7115 7627 4160): "On China's Role in Asia-Pacific Economic Cooperation"]

[Text] China's involvement in cooperation in the Asia-Pacific region coincides with its participation in GATT. As early as in 1982, China had contacts with GATT. In 1986, China officially submitted its application for resuming its status as a signatory state to GATT (China is one of the founders of GATT) and attended the ministerial-level meeting of GATT in the capacity of an observer. At the same time, China attended the Pacific Economic Cooperation Conference. China's Taiwan Province followed the so-called Olympic Committee pattern and participated in the conference under the name of Taipei, China. When the establishment of an Asia-Pacific economic cooperation mechanism between governments was proposed in 1989, China adopted a positive attitude. As the question of Taiwan's position was not yet settled, China did not attend the first and second ministerial conferences. Both China and Taiwan attended the third conference as a sovereign state and an economic region respectively, eventually determining Taiwan's economic position in some international organizations and creating conditions for both China and Taiwan to join GATT. All this shows:

First, China has dealt with GATT and Asia-Pacific regional cooperation from the angle of developing international economic relations rather than ideology. This is advantageous to China as well as to the Asia-Pacific and world economies.

Second, differences in social systems do not hinder China's participation in regional economic cooperation and the open and free trade system of GATT. Taiwan, however, is an inalienable part of China, which is a sovereign state. The political principle of not tolerating two Chinas, one China and one Taiwan, or one country, two governments must be recognized as it is related to the interests of the state.

Third, the question of international economic and regional cooperation can only be handled in light of the principle of "equality, mutual benefit, and common

progress" rather than the capitalist or socialist principle. A social system can only be chosen by a country itself and interference by another country or international organizations is intolerable.

Fourth, based on the reality of the region, Asia-Pacific regional cooperation should take full account of the diverse characteristics of the Asia-Pacific region, stress practical results focused on mutual benefit, adopt various forms, and maintain openness.

Viewed from practical work, however, we must take into account the requirements of free trade and the influence of the free market economy. As mentioned above, the free trade following the war played a positive role in promoting world economic development. Freedom, however, is neither absolute nor standardized. For example, the free trade of the developed countries has exceeded that of the developing countries, free trade within the regional economic groups has exceeded that outside the groups, and free trade in manufactured goods has exceeded that in farm produce. Generally speaking, different interest groups introduce or readjust their free trade measures in light of their own needs. Only by joining international economic exchange can China's reform, opening up, and modernization program meet the different requirements of free trade. At the same time, it is necessary to wage necessary struggles to safeguard the interests of China and the developing countries. The big capitalist economic powers attempt to put China onto the track of their free market economy and also make use of China's huge market potential. In turn, we can make use of the contradictions of the free market economy to absorb the funds and technology we need to build socialism with Chinese characteristics. We cannot close our doors to the world nor can we mind our own business in order to keep out of trouble. As long as the policies are correct, we can play a role which other countries cannot in Asia-Pacific regional cooperation.

In the current regional economic cooperation, we should take note of the following problems:

First, properly combine the bilateral and multilateral channels. We are used to bilateral arrangements and are not good at making use of multilateral mechanisms. This is a weak point which we should try to overcome.

Second, it is necessary to stress politics and also be familiar with economics. To maintain contacts with capitalism, we should understand it.

Third, it is necessary to have a macrosense of things and not be eager for quick success. Except for integration or industrial cooperation, regional cooperation is generally focused on macrocoordination. This sounds a bit abstract, but it is aimed at the future rather than the present. We should not overlook this point.

### New Order and Asia-Pacific Cooperation

Because of the changes in Europe and disintegration of the Soviet Union, the bipolar structure has totally collapsed. The current problem is what kind of new order will appear in the world. As there were two groups confronting each other in the past, international strength was divided, leaning to one side or the other, or standing between the two. Hence, there were collective defense principles and equilibrium disarmament principles of the two military blocs and European security and cooperation principles as well as nonalignment principles.

As one side has now collapsed, it is time to resume the normal international relations distorted by the bipolar structure. In other words, we should follow the norms governing international relations which are included in the UN Charter: Equality of sovereignty, living in harmony, noninterference in each other's affairs, not resorting to force, and common progress. China has summarized these into the five principles of peaceful coexistence. Nevertheless, we still have to remove a lot of obstacles, namely, new hegemonism and power politics, to establish such a new order.

Above all, one pole has collapsed while the other still exists. The latter believes that the power of equilibrium has vanished and that it can do as it pleases. This is the greatest obstacle to the establishment of a new world order. To establish a just and reasonable order, there must be a framework which can check the above tendency. It is generally believed that the framework should be a multipolar one. Multipolarization is an objective reality and its normal development can check new hegemonism and power politics as well as prevent the outcome of new hegemonism. Multipolarity, however, can also bring turbulence, offering grounds for the theory of hegemonic order. This constitutes another obstacle. Now the new order proposed by the United States contains the factor of new hegemonism and power politics and is based on the theory of hegemonic stability. Opposite to this is the theory of multipolar cooperation, which proposes establishing a multipolar framework based on a cooperative mechanism. In the Asia-Pacific region, we have witnessed the following trends:

First, in order to establish a new Asia-Pacific order with the United States as the leading force, the United States has proposed a new Asia-Pacific strategy, which uses bilateral defense based on the U.S.-Japanese security treaty as the framework and regional economic cooperation as the network. Such a practice of turning regional economic cooperation (the Ministerial-Level Conference on Asia-Pacific Economic Cooperation) into a U.S. strategy, which gives new meaning for the first time to the concept of regional economic cooperation, can possibly lead Asia-Pacific cooperation astray.

Second, the "Singapore Declaration" issued by the ASEAN summit on 28 January this year explicitly pointed out that in the face of the large economic groups

set up by the developed nations, ASEAN should continue to safeguard its own collective interests. Apart from establishing an ASEAN free trade region for a term of 15 years, the establishment of a Southeast Asia economic forum and consultations on matters of common concern will be conducive to expanding the scope of regional cooperation. The "Singapore Declaration" also welcomed all Southeast Asian countries (referring to the Indochinese nations) to sign the Southeast Friendship and Cooperation Treaty. This important ASEAN meeting presented a promising blueprint for a new order in Southeast Asia.

Third, the third ministerial-level meeting of Asia-Pacific economic cooperation held in Seoul in November 1991 adopted the "Seoul Declaration," which was actually the charter for the organization. Although the United States and others urged the organization to become "institutionalized" and to set up a permanent secretariat, the "Declaration" stressed flexibility in order to adapt to changes in the situation and did not mention the establishment of a permanent organization. Maintaining flexibility and showing no eagerness for "institutionalization" actually constituted the position of ASEAN. The reiteration of this position indicates ASEAN's worry about the United States' attempt to use this organization to serve its Asia-Pacific strategy. China attended the meeting for the first time and proposed the principle of diversification, mutual benefit, and openness, which was included in the "Declaration."

Viewed from the above trends, the Asia-Pacific region has favorable conditions for establishing a multipolar cooperation mechanism. This is mainly because most of the countries in the Asia-Pacific region were colonial, semicolonial, or dependencies in the past. In the face of the economic superiority of the United States, Japan, and Europe, they share a common stand and have common interests in fighting a battle to bring about an economic upswing. They have increased economic exchanges and have realized that the economic policies toward the Asia-Pacific region adopted by the United States to confront the Soviet Union during the period of the bipolar structure may now change. As the Asia-Pacific countries may face a grim situation because of the United States' new Asia-Pacific strategy, they have enhanced their cooperation. Japan's economic strength is continuously rising. However, its contradictions with the United States have become more acute. It is estimated that the United States will not allow Japan to become a military power. To withstand the pressure from the United States, Japan will have to draw support from the Asia-Pacific developing countries.

As a country in the Asia-Pacific region, China is now in a favorable position. Viewed from the new order of the Asia-Pacific region and the world, no one can neglect the role of China. The key lies in seizing the opportunity of the transitional period in the international situation in the coming decade to concentrate forces to develop China's economy. To this end, it is necessary to develop good-neighborly relations and at the same time take an

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active part in regional cooperation. The Pacific Economic Cooperation Conference will change its name to become a council and strengthen coordination with the Asia-Pacific Economic Cooperation Ministerial-Level Conference. As a member of both organizations, China should make better use of the consultative mechanism to serve China's deepened reform and opening up. Our practical work should be focused on the following three zones: The Taiwan and Hong Kong economic zone in southern China, the Southeast Asian economic zone based on ASEAN, and the Northeast Asian economic circle based on the Liaodong Peninsula, the Shandong Peninsula, and the Korean peninsula. Naturally, we should develop and strengthen our ties with the United States and Japan in line with the established principles. On the establishment of a new order, there are bright prospects for China in the Asia-Pacific region. When the Asia-Pacific region has developed, China's influence will be further exerted in the world.

### Development of Foreign-Related Arbitration

HK3103012992 Beijing RENMIN RIBAO  
in Chinese 18 Mar 92 p 5

[Article by Cheng Dejun [4453 1795 6874] of the China International Economic and Trade Arbitration Commission: "China's Developing Foreign-Related Arbitration Activities"]

[Text] Disputes in international economic, trade, and maritime activities can hardly be avoided. Settling such disputes by means of arbitration has become generally accepted by the contemporary world. The China International Economic and Trade Arbitration Commission [CIETAC] and the China Maritime Arbitration Committee [CMAC] subordinate to the China Council for the Promotion of International Trade [CCPIT] are two authorities which specialize in arbitrating international economic and trade and international maritime disputes involving Chinese and foreign parties. Through continuous development over the past 30 years, the operation scope has been gradually expanded; and the number of cases accepted and handled by these two authorities has been increasing with every year. The fairness of their arbitration judgments has been acknowledged by the common consent of the domestic and international communities.

Old China did not have its own foreign-related arbitration office. Even in the early period of liberation, when concluding a trade contract with a foreign company, the Chinese company involved still had to agree in the contract that once a dispute occurs, it should be arbitrated in a foreign country. To promote the development of our country's foreign trade, in light of the central people's government Administrative Council decision on 6 May 1954 and the State Council decision on 21 November 1958, with the cordial care of Premier Zhou Enlai, CCPIT successively set up the Foreign Trade Arbitration and Maritime Arbitration Commissions, thus initiating New China's foreign-related arbitration

activities. In those years, however, some people in the Western countries looked down on China's foreign-related arbitration, and alleged that the Chinese do not know how to arbitrate fairly. Facts speak louder than words. The successful practice of China's foreign-related arbitration organs has long proved the ridiculousness of those predictions.

Beginning in the late 1970's, our country adopted the policy of reform and opening up, and this also ushered in a new period for our country's foreign economic cooperation and foreign trade. Along with the new developments, foreign-related economic, trade, and maritime disputes also increased continuously. To meet the needs brought about by the development of foreign economic exchanges and foreign trade and by the expansion of the scope of disputes to be submitted to arbitration, the CCPIT Foreign Trade Arbitration Commission was renamed the Foreign Economic and Trade Arbitration Commission in 1980, and was again renamed the CIETAC in 1988, with branches in Shenzhen and Shanghai. At the same time, CCPIT's Maritime Arbitration Commission was also renamed the CMAC. According to the arbitration rules revised in 1988, the scope of cases accepted and handled by CIETAC was expanded to all kinds of disputes between parties involved in international economic exchanges and trade; and the CMAC also accepted and handled dispute cases related to the pollution and damage of the maritime environment.

According to the new arbitration rules of these two arbitration authorities in our country, the arbitration commissions keep a namelist of arbitrators, both Chinese and foreign people with professional knowledge and practical experience, appointed by CCPIT (which is also called China Chamber of International Commerce). The parties involved in a dispute may choose arbitrators from the namelist, and arbitrators can be either Chinese or foreign experts. Many foreign dispute-involved parties expressed appreciation and satisfaction with such arrangements. Chinese and foreign arbitrators could also cooperate closely. On 23 April 1987, China became a signatory state of the UN Convention on Recognition and Enforcement of Foreign Arbitral Awards (1958). According to the covenant, a signatory state's arbitration judgments can be recognized and executed by other signatory states. After participating in this covenant, foreign dispute-involved parties no longer worry that Chinese arbitration organs' decision would not be executed in other countries, and this has increased the confidence of both Chinese and foreign dispute-involved parties in China's arbitration as specified in their contracts.

When handling disputes, our country's foreign-related arbitration authorities follow the following principle: taking facts as the basis; taking laws as the yardstick; taking international practice as the reference; and independently and fairly settling disputes arising in international economic exchanges, trade, and maritime affairs.

Our country's foreign-related arbitration has been characterized by the combination between arbitration and mediation. Over many years, we successfully settled a number of disputes through both arbitration and mediation, thus effectively protecting the legitimate rights and interests of the parties concerned; promoting the improvement of our country's investment environment and the introduction of overseas funds and advanced technology; and promoting the development of our country's foreign economic relations, trade, and maritime business.

Take CIETAC's work as an example. It accepted and handled 129 cases in 1987 and 274 cases in 1991. The number of cases it handled jumped to the second place in the world's international commercial arbitration organs. In the last few years, it finalized over 200 cases every year. At present, the commission is handling more than 300 cases, which are mainly related to disputes over the implementation of purchase contracts, the production lines of mechanical and electric equipment, the supply of industrial raw materials, joint investment and cooperation, the processing of imported materials for reexport, compensation trade, construction contracts, leasing and loan guarantees, and so on. As for maritime disputes, they mainly arise in the implementation of ship leases; bills of lading; consignment, salvage, and ship purchase contracts; judgment of average; delay, express delivery, and freight costs; damages; personnel casualties; salvage remuneration; and damages from maritime collisions. Parties involved in such disputes include those from Japan, Singapore, and more than 30 other countries as well as from Hong Kong, Macao, and Taiwan. The number of cases with both parties involved in the dispute being foreigners is also increasing every year.

The fairness of our country's foreign-related arbitration judgments has won favorable comments at home and abroad. Some people say that China's arbitration is impartial. Our country's practice of combining arbitration with mediation has also attracted close attention from the world's arbitration circles, and is reputed as "Oriental experience." China's foreign-related arbitration has won higher and higher reputation at home and abroad, and has held an important and increasingly influential position in the international arbitration circles. Our country's foreign-related arbitration organs have established friendly relations with international arbitration organs in Japan, Hong Kong, Singapore, the United States, Britain, France, Switzerland, Italy, Sweden, and Ghana and with the International Chamber of Commerce International Arbitration Council and the International Investment Dispute Settlement Center. Some arbitrators in our country have been invited to be executive members of the International Arbitration Council's International Commercial Arbitration Association in London, or to be arbitrators in the International Arbitration Centers in Hong Kong and Singapore, the Polish Foreign Trade Chamber of Commerce Arbitration Council, the Australian International Commercial Arbitration Center, and other institutions. Some have

also been appointed arbitration experts in the UN International Trade Center, the Trade and Development Conference, and the GATT.

#### **U.S. Relaxes Ban on CIS High-Tech Products**

*OW2803090492 Beijing XINHUA in English  
0836 GMT 28 Mar 92*

[Text] Washington, March 27 (XINHUA)—The Bush administration today relaxed its virtual ban on imports of Soviet high technologies by authorizing the purchase of 14 million dollars worth of space and nuclear products from Russia.

White House spokesman Marlin Fitzwater said the Defense Department will buy an unfueled Topaz space nuclear reactor and four hall thrusters which, powered by electric current, can be used to propel objects in space.

The Topaz nuclear reactor will be studied by a laboratory at the University of New Mexico to "understand better its unique technology," according to a White House fact sheet, which also said that the administration has approved a license application for a private U.S. firm to proceed toward the purchase of hall thrusters.

The energy department will purchase from Russia plutonium-238, which, as a fuel for thermonuclear generators, can meet the demands of U.S. deep-space missions, Fitzwater said.

"They're all cases where we can buy them cheaper from the CIS than we can produce them ourselves or where they represent a technology that we have not yet fully developed ourselves," the White House spokesman said.

Today's announcement made a clear policy reversal of the Bush administration which has been wary of importing high technology products from the former Soviet Union, for fear that the trade would discourage its military industry from converting to civilian production. Although the Pentagon and several U.S. companies were keen on purchasing the Soviet space and nuclear products, their license applications were reportedly turned down by senior administration officials.

Fitzwater said the administration's new policy "is to actively seek opportunities to acquire goods, services, and technologies from the new republics that benefit our economic and other security interests."

The White House fact sheet said that there will be "few governmental barriers to imports into the U.S. from the republics of the former Soviet Union."

But, licenses for imports from the former Soviet Union will be "considered on a case-by-case basis" so that such imports would not "contribute to the maintenance of a threatening military capability" in the exporting nations, the fact sheet said.

**UN Security Council To Vote on Libya Sanctions**

*OW3103012792 Beijing XINHUA in English  
2226 GMT 30 Mar 92*

[Text] United Nations, March 30—The U.N. Security Council is set to vote on economic and diplomatic sanctions against Libya tomorrow for its alleged involvement in the bombing of two Western airliners.

"We had the final informal consultations today and we called for a meeting tomorrow in deference to the importance of today as the most important religious day of Ramadan," Diego Arria, president of the Security Council for the month and ambassador of Venezuela to the United Nations, told reporters after Council consultations on the matter this morning.

The Council had planned to vote on a draft resolution clapping the sanctions today, but the voting was postponed at the request of some Arab countries, including Egypt and Morocco, as today marks the end of Ramadan, a month in which Muslims observe fasting from dawn to sunset.

Arria said the 15 Council members have already agreed on the text of the draft prepared by Britain, France and the United States and revised through consultations last week and this morning.

Under the draft resolution, which is expected to be adopted, the Security Council would ask all states, including non-U.N. members, to deny permission to any aircraft to take off from, land in or overfly their territory if it is destined to land in or has taken off from Libya and prohibit the supply of any aircraft or aircraft components and related aircraft services to the country.

The resolution would also ban the supply of arms and related material to Libya in addition to the provision of related technical advice, assistance or training and order all states to withdraw military advisors from the country.

Besides, all states would be required to "significantly" reduce the number and the level of the staff at Libyan diplomatic missions and consular posts and restrict or control the movement within their territory of all such staff who remain.

Under the resolution, all states would prevent all Libyan Arab Airlines offices from operation and take "all appropriate steps to deny entry to or expel Libyan nationals who have been denied entry to or expelled from other states because of their involvement in terrorist activities.

Meanwhile, a committee, to be formed by the 15 Council member countries, would be established to monitor the implementation of the sanctions.

The expected sanctions followed Libya's failure to carry out an earlier Security Council resolution, which asked Libya to "provide a full and effective response" to the

requests of Britain, France and the United States concerning the bombing of Pan Am flight 103 over Lockerbie, Scotland, in 1988 and the French airliner UTA 772 over West Africa in the following year.

The three countries charged that Libya was involved in the explosion of the two airliners, in which a total of 441 people were killed.

Britain and the United States has asked the Libyan Government to extradite the two Libyans whom they accused of responsibility in the bombing of Pan Am flight 103, a request that Libya has so far not yet met.

France has also issued arrest warrants for four other Libyans whom it accused of involvement in the blast of the French airliner.

Libya denied all charges of involvement in the two bombing incidents and said it has instituted legal procedures of its own to investigate the charges.

The resolution would again ask Libya to "comply without any further delay" the earlier resolution of the Security Council concerning the three countries' requests and commit itself "definitively to cease all forms of terrorist actions and all assistance to terrorist groups."

The sanctions, to be imposed under Chapter VII of the U.N. Charter and thus mandatory for U.N. member countries, would become effective on April 15 and last until the Security Council decides that the Libyan Government has renounced terrorism.

Meanwhile, in a letter to the Security Council president today, the secretary-general of the Organization of the Islamic Conference expressed the hope that the Security Council "will proceed in the matter with due care and without precipitating matters allow the efforts being currently made a real chance to succeed in resolving this issue peacefully on the basis of respect for international legality."

Libya had earlier promised to hand over the two accused Libyans to the Arab League, but no such transfer has so far taken place and the International Court of Justice, the judicial arm of the United Nations, has been hearing the case of Libya, which has asked the world court to prevent any action by the three countries against it while the case is pending.

**Correction to Ministry Official on Disarmament**

*CM3103152392*

The following correction pertains to the item headlined "Ministry Official Views Security, Disarmament," published in the 27 March China DAILY REPORT, page 1.

First column, only item, make sourceline read ...Beijing RENMIN RIBAO in Chinese 24 Mar 92 p 6... (correcting name of publication)

## United States & Canada

### Chinese War Heroes Return From U.S. Visit

OW2803174292 Beijing XINHUA in English  
1523 GMT 28 Mar 92

[Text] Hangzhou, March 28 (XINHUA)—Five Chinese people who saved the lives of U.S. pilots during the Second World War (1939-1945) returned today after a 13-day visit to the U.S.

Chen Shenyang, Zeng Jianpei, Zhu Xuesan, Liu Fangqiao and Ms Zhao Xiaobao met some of the pilots they saved, and visited the Pentagon, Capitol Hill and the White House in Washington D.C. They also met with more than 4,000 representatives from journalistic, industrial and commercial circles, as well as students.

During their 13-day stay in the United States, they were warmly received by U.S. Secretary of Defense Richard Cheney and Special Assistant to the President for National Security Affairs Douglas Paal. President George Bush also sent greetings in a letter to them.

Wang Sibo, head of the delegation, said that the visit enhanced the friendship between the peoples of the two countries.

Liu Feng, deputy secretary of the Zhejiang provincial committee of the Chinese Communist Party, met with the five people this afternoon. He said that the five people's visit to the United States is significant and such non-governmental international exchange activities should be encouraged to promote friendship between the Chinese people and the people in the other parts of the world.

### Vice Premier Meets Evangelist Billy Graham

OW3103064592 Beijing XINHUA in English  
0610 GMT 31 Mar 92

[Text] Beijing, March 31 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with leading American evangelist Billy Graham and his party here today.

Graham and his party have been here on a visit as guests of the Chinese People's Association for Friendship With Foreign Countries.

### Report Says Canada Hypocritical on Human Rights

OW2703183492 Beijing XINHUA in English  
1802 GMT 27 Mar 92

[Text] Ottawa, March 27 (XINHUA)—Canada is gaining an international reputation as a hypocritical country on human rights issues, the Canadian Human Rights Commission said.

"We're very active in Geneva, we're very active in New York, we're very active in telling other people what to do in the matter of human rights. So let's be active here (in Canada), in areas where we can do something," Max

Yalden, chief commissioner of the commission, told a news conference Thursday after presenting an annual report to Parliament.

The Canadian Government has been increasingly fond of playing the role of a human rights champion in international affairs. Last October at the Harare Commonwealth Summit and later at the La Francophone Summit, Prime Minister Brian Mulroney blatantly tried to use his country's wealth to force other countries to improve their human rights records.

He threatened that Canada would cut off its foreign aid to those countries with human rights abuses. He also criticized some countries by name for their poor human rights records.

However, his human rights promotion gained little support on both occasions. While many third world countries openly rejected Mulroney's lecturing as interfering in their internal affairs, the few rich members of the two clubs predominantly made up of poor English and French speaking countries also refused to buy his notion.

In the annual report, the Human Rights Commission, which is Canada's own human rights watchdog, criticized the federal government for presenting Canada to the international and national communities "as a country that talks out of both sides of its mouth."

While it lectures other countries on the importance of human rights, it said, the Canadian Government has demonstrated its "manifest and persistent reluctance" to introduce long-promised reforms to the flawed Canadian human rights act, which Yalden described as "incomplete, underpowered and seemingly expendable when the going gets tough."

The reforms have been promised for the past five years, yet the federal government has been "talking a big game and not doing what we should do."

In a long list of the human rights issues in Canada, the commission cited the country's treatment of the Aboriginal peoples as the number one disgrace. It said, "The situation of the Aboriginal peoples is the single most important human rights issue confronting Canada today."

It noted that "the wounds to the human dignity of native Canadians are broad and palpable", and that "paternalistic attitudes still persist" even when the government is trying to address the injustice done to them.

The commission said Canada has also failed to live up to its international obligations to children.

**Central Eurasia****Government, Russia Agree on Sep Yeltsin Visit**

*OW3003171192 Tokyo KYODO in English  
1627 GMT 30 Mar 92*

[Text] Beijing, March 30 KYODO—Russia and China have agreed that Russian President Boris Yeltsin will make an official visit to China this September, diplomatic sources in Beijing said Monday. The two governments are currently finalizing the itinerary of the Russian leader's first visit to China since the demise of the former Soviet Union late last year, the sources said.

Yeltsin is scheduled to have a series of talks with Chinese leaders, including Jiang Zemin, general secretary of the Chinese Communist Party, and Premier Li Peng. [words indistinct] international situations following the collapse of the Soviet Union, they said.

Russia and China agreed on Yeltsin's visit to China when Russian Foreign Minister Andrey Kozyrev visited China earlier this month, the sources said. Yeltsin met Premier Li Peng in New York in January during a United Nations Security Council summit meeting.

Following the visit to China, Yeltsin is also likely to tour South Korea and Japan and make a drastic disarmament proposal in Asia, either in Seoul or Tokyo, the sources said. The sources said Yeltsin and Chinese leaders will discuss how to expand economic relations including joint development projects in remote areas and reduction of armed forces in border area.

In China, some communist leaders have criticized Yeltsin as a traitor to socialism in connection with the demise of the Soviet Union. But Beijing leaders will welcome Yeltsin as a head of state during his visit and will regard the collapse of the Soviet Union as an internal matter, the sources said. Observers said Yeltsin's visit to Beijing is apparently aimed at establishing stable bilateral relations between China and Russia.

**Beijing Trade Delegation Secures CIS Contracts**

*HK3103052892 Beijing CHINA DAILY in English  
31 Mar 92 p 2*

[By Wang Yong: "Beijing Snare CIS Contracts"]

[Text] Beijing's foreign trade community has fostered close-knit relations with the former Soviet Union, which is enticing foreign investment to back up its service and light industries.

A high-powered municipal trade delegation has just wound up a fortnight visit to five nations of the Commonwealth of Independent States, emerging with a bundle of agreements on future cooperation.

Between March 9-23, the trade mission nailed down 23 contracts or letters of agreement with a cluster of large enterprises of the Russian Federation, Ukraine, Belarus,

Lithuania and Kazakhstan to join hands in developing the textile, electronics, food processing, tourism and service industries.

Some industrial and commercial enterprises in Moscow, St Petersburg and Minsk offered to cooperate with Beijing in more than 200 projects, mostly concerning tourism and the service industry.

"The contacts were made mainly between large companies and factories of Beijing and the five CIS nations," said Xu Liang, an official of the municipal foreign trade commission.

He noted that the cooperation is in the forms of direct investment in these CIS countries as well as cash and barter trade.

The Beijing Barter Trade Company has signed a letter of intent with the All-Russia Aviation Import and Export Corporation to set up a 2,000-square-metre centre to display Beijing-made commodities, which would be available for wholesale and retail sales.

The Beijing Hotel has been approved to open a China commercial and trade centre in two cities of Lithuania, including the capital, Vilnius.

The hotel also will establish a nonstaple food processing base in Moscow, where it already has a restaurant.

The Beijing Electronics Import and Export Company, the municipal Textile Industry Company and the Light Industry Company all have snared contracts to produce recorders, calculators, garments and other items in the five countries.

The Xidan Department Store and the Beichen Group have agreed with their counterparts to open department stores and hotels in each other's territory.

"The milestone visit has made us better comprehend the investment environment, financial and taxation policies of those countries," municipal trade officials said.

But they declined comment on whether the business situations there are good or not.

Beijing is in competition with other provinces and cities of China in gaining footholds in the CIS nations.

Its trade with the former Soviet Union and eastern European countries last year plummeted to \$30 million from \$120 million in 1990.

**Northeast Asia****Zou Jiahua Attends Japan Joint Venture Signing**

*OW3103061992 Beijing XINHUA Domestic Service in Chinese 1255 GMT 27 Mar 92*

[By RENMIN RIBAO reporter Liu Guosheng (0491 0948 0524) and XINHUA reporter Zhang Chaowen (1728 6389 2429)]

[Text] Beijing, 27 March (XINHUA)—A ceremony to sign a Sino-Japanese joint venture in producing diacetin [er cu suan 0059 6818 6908] cellulose tows was held at the Great Hall of the People this evening. Vice Premier Zou Jiahua witnessed the signing ceremony and met with representatives from the Chinese and Japanese sides.

Diacetin cellulose tows is the primary raw material for cigarette filters. China is the largest cigarette producer in the world. Along with the development of the tobacco industry, the demand for diacetin cellulose tows has also increased accordingly, and the state has used foreign exchange to import a considerable amount of diacetin cellulose tows. In order to satisfy domestic demand, the China North Industries Group's state-owned Huian Chemical Industrial Plant and the China National Tobacco Corporation's Shaanxi Provincial Company agreed with Japan's Mitsui Corporation and Dai Nippon Cellulose Chemical Industrial Corporation to produce 8,000 tonnes of diacetin cellulose tows annually in Luxian County, Xian city, Shaanxi.

#### XINHUA 'Analysis' of ROK Election Results

OW3103110192 Beijing XINHUA in English  
1007 GMT 31 Mar 92

[News Analysis by Li Nengqing: "Election in S. Korea Draws Attention"]

[Text] Pyongyang, March 31 (XINHUA)—South Korean President No Tae-u replaced three cabinet ministers and fired his intelligence chief on Monday in the wake of the defeat of the ruling Democratic Liberal Party in the parliamentary election of March 25.

In the breakup, the first since last December, Interior Minister Yi Sang-yon replaced So Tong-kwon minister for national security planning, the main government intelligence organization.

No appointed Lee Tong-ho, governor of North Chung Chong Province, to be his new interior minister and replaced Transport Minister Yim In-tae with Ro Kung-il, [name as received] former senior presidential aide for administrative affairs. Former Deputy Economic Planning Minister Kang Hyon-uk replaced Cho Kyung-sik as agriculture and fisheries minister.

In the 13th parliamentary election held in 1988, No's former democratic justice party gained 124 seats. He managed to hold a majority of 217 seats only after his party incorporated Kim Yong-sam's Democratic Party and Kim Chong-pil's Republic Party.

But in this year's parliamentary election, the New Democratic Liberal Party, based on the merged three parties, won a total of 149 seats, down 68 percent from the gain in the last election.

One main reason for the ruling party's electoral defeat is the voters' scepticism about the Democratic Liberals' ability to revitalize the economy.

The economic woes include high inflation, rising housing prices and huge trade deficits, which have engendered workers' demand for higher pay, high crime rate and social unrest.

Another reason is that voters are tired of endless strifes among parties, with the ruling party always going its own way and never trying to cooperate with the opposition.

Thirdly, since the three parties were merged into one in January last year, Kim Yong-sam and Kim Chong-pil have been dismissed as outsiders, resulting in factional feud and consequently damaging the prestige of the ruling party.

According to a recent opinion poll, more than 50 percent of the pollees said they lost confidence in the ruling party and would give their support to opposition parties.

Under the constitution, No Tae-u will not be reelected in the presidential election due to be held in the second half this year. Since Kim Chong-pil has declared he will not run for the presidency, Kim Yong-sam will be the only hopeful trying his luck for the Liberal Democrats.

Democratic Party Leader Kim Tae-chung has expressed his confidence that he will win in the contest for the presidency. Chung Ju Yong, a former financial magnate, has also announced his readiness to take part in the race.

As things stand today, it is hard to predict who will win.

Now, all parties concerned with the presidential election are following the developments in South Korea.

The Japanese Government is concerned about the impact a defeat for the South Korean ruling party would have for the relations between the two parts of Korea.

Voice of America commented that the ruling party in South Korea is facing serious challenges from opposition parties.

Now only half a year is left for No Tae-u's term. How the government would overcome the uncertainties and how the political situation would develop there will focus the attention of all.

#### Southeast Asia & Pacific

##### Spokesman Denies 'Threat' to ASEAN Members

HK3103095292 Hong Kong AFP in English  
0914 GMT 31 March 92

[Text] Beijing, March 31 (AFP)—China rejected Tuesday suggestions by the Malaysian defense forces chief that it posed a military threat to the six members of the Association of Southeast Asian Nations (ASEAN).

"The allegation of the so-called Chinese threat is totally groundless," a foreign ministry spokesman said. "China pursues an independent foreign policy of peace and always makes active efforts to safeguard international peace and security."

The spokesman was responding to a warning Saturday by General Tan Sri Hashim Mohamed Ali, the Malaysian defense forces chief who is to retire in April.

Hashim said ASEAN, which also includes Singapore, Thailand, Indonesia, the Philippines and Brunei, should be wary of China, which was expanding its military at a time when other regional powers were cutting back their forces.

"ASEAN should closely monitor China's defense build-up and its conflicting claims to the Spratlys," the general said.

China passed a law February 25 that claimed sovereignty over the Spratly islands and reserved the right to use military force to expel trespassers.

The Spratlys, a group of 33 islands and 400 islets and atolls that straddle strategic sea lanes in the South China Sea, are claimed in whole or in part by China, Vietnam, Taiwan, the Philippines, Brunei and Malaysia.

### **Opening of Chiang Mai-Kunming Flights Feted**

*OW3003132392 Beijing XINHUA in English  
1154 GMT 30 Mar 92*

[Text] Bangkok, March 30 (XINHUA)—A ceremony for the opening of flights between Thailand's northern city Chiang Mai and China's southwestern city Kunming was held in Chiang Mai today.

Chinese Consul-General to Chiang Mai Zhang Zhiguo and local officials attended the ceremony.

According to an agreement between the Civil Aviation Administration of China (CAAC) and the Thai Airways International Ltd (Tai), the Tai will operate from Bangkok to Chiang Mai and then to Kunming Monday and Friday each week.

The CAAC will operate on the route in May this year.

### **Beijing Sydney's Main Opponent in Olympic Bid**

*OW3003135892 Beijing XINHUA in English  
1216 GMT 30 Mar 92*

[Text] Canberra, March 30 (XINHUA)—Beijing will be the most formidable opponent for Sydney in the turn-of-the-century Olympic Games bid, Kevan Posper, vice-president of the International Olympic Committee said.

Gosper, who works in London and returned to Sydney last Thursday, made the comment at a banquet for the 2,000 Olympic Games in Sydney Sunday evening.

Beijing, along with Berlin and Sydney, had been considered one of the favourites among the seven cities bidding for the 2,000 Olympics.

### **Near East & South Asia**

#### **CPPCC Vice Chairman Meets Omani Visitor**

*OW3003144492 Beijing XINHUA in English  
1413 GMT 30 Mar 92*

[Text] Beijing, March 30 (XINHUA)—Wang Guangying, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met with Oman's famous industrialist Camel Sultan and his wife at the Great Hall of the People here this evening.

Mr. Camel Sultan, who arrived in Beijing March 25 at the invitation of the Chinese People's Association for Friendship with Foreign Countries, is here to explore the possibility for furthering the economic and trade cooperation between the two countries and to learn more about China's parliamentary system.

The Omani visitors will leave Beijing Tuesday to tour Xian, Shanghai, Hangzhou, Guangzhou and Shenzhen.

#### **Egyptian Official Views Libya, Iraq Situation**

*OW3103000792 Beijing XINHUA in English  
2348 GMT 30 Mar 92*

[By Li Zhurun and Wang Bo]

[Text] Cairo, March 30 (XINHUA)—Egypt is trying to de-escalate tension and defuse the crisis between Libya and the three Western powers, as sanctions are looming against the North African state, a senior Egyptian official said today.

Usamah al-Baz, first under-secretary of the Foreign Ministry and political advisor to President Husni Mubarak, told a press conference this evening that Egypt is mainly concerned with the maintenance of stability in the region and avoid a head-on collision.

Meanwhile, he hinted that Egypt may not take part in sanctions against Libya even if the draft U.N. Security Council resolution being promoted by the United States, Britain and France was adopted against Libya.

Asked whether "Egypt would close its borders with Libya if the draft was adopted, the official, citing traditional relations between Egypt and Libya, said, "no, I don't think we will do that." He declined to elaborate.

"What we are trying to do is to reconcile different concerns, with different objectives...our aim is to decrease the strain toward confrontation, enlarge the area of compromise," he told the press conference organized by the Cairo Foreign Press Association.

Asked whether Egypt is still expecting the U.N. Security Council to delay voting on sanctions against Libya, al-Baz said Egypt does not wish to have the Security Council to delay anything.

"Our purpose was and still is to exhaust all available alternatives for solving this matter peacefully. If you delay the deliberation...it will be a matter of days. You cannot resort to delay tactics in order to evade a certain situation," he said.

"The important thing is to tackle the situation right at the heart of it and to see exactly what the dispute is all about," he said.

In an exclusive interview with XINHUA after the press conference, al-Baz said that Iraq and Libya represent two different cases.

The Gulf crisis, he said, stemmed from Iraqi aggression against a small neighbor, but the Libya crisis stemmed just from two criminal cases.

"Iraq totally wiped out the existence of another Arab country, the nationality of its people, its government, its currency and continued its occupation (of Kuwait), and that's why most Arab countries were in favor of forcing Iraq out," he said.

"When it comes to the Libya thing, all the Arab countries are unanimous in wanting to avoid a confrontation, and this is the direction (toward which) the Arab countries are moving," he conceded.

The three Western powers demand that Libya extradite two Libyans they have accused of blasting Pan Am 103 flight over Lockerbie, Scotland, in 1988. France also seeks four other Libyans allegedly involved in the bombing of a French plane over Niger a year later. Altogether, 441 people were killed.

The Security Council is delaying the voting of the draft resolution sponsored by the three Western powers which calls for arms embargo on Libya, suspension of commercial air links with it and expulsion of most Libyan diplomats.

## West Europe

**XINHUA on French Socialists' Election Defeat**  
*OW3003182992 Beijing XINHUA in English*  
*1621 GMT 30 Mar 92*

[("Roundup" by Liang Guihe: "French Socialists Bemoan Black Sunday Blues")]

[Text] Paris, March 30 (XINHUA)—March 29 will go down in history as the second "Black Sunday" for France's ruling Socialist Party, as it suffered a second election debacle in a run-off second round of local voting.

In the first round of elections on March 22, the Socialists saw black for the first time when less than one French voter in five cast their vote for them.

This was the worst electoral setback for the Socialist Party in its 25-year history.

And just one week later in Sunday's polling, the ruling party lost several historic bastions, notably in northern France, to the conservative opposition.

The Socialists won but 309 of 1,945 seats, an 82 seat decline over the last election in 1986, while the Rally for the Republic won 467 seats and the Union for French Democracy 497.

Socialist Party leader Laurent Fabius acknowledged on national television that his party had suffered a "serious defeat."

Meanwhile, Interior Minister Philippe Marchand said the final results represented a serious warning from french voters to both the government and the Socialist Party.

The final results have prompted fresh appeals for the appointment of a new government, indicating that the 10-month-old Cresson administration is on the verge of collapse.

The elections came with France suffering the full brunt of deteriorating economic and social conditions.

Negative factors caused by last year's gulf war are still troubling the French economy which has shown few recovery signs.

Slowing investment in domestic industries has meant massive redundancies and rising unemployment.

There are currently some 3 million French people out of work.

Economic decline has brought serious social problems.

Thousands of workers who stand to lose social security payments have taken to the streets and started strike since last autumn.

Such social turmoil has eaten away at Socialist Party support among French voters.

In the election, the extreme-right National Front increased its vote by four percentage points to 14 percent—a sure sign of increasing voter dissatisfaction.

Final poll results reveal that more voters have turned to the extreme-right and center.

This has effectively broken down the former equilibrium among France's rival political forces making it hard for any one party to win an absolute majority.

The centrist vote will likely become a decisive force for both leftists and rightists in next year's legislative elections.

In another development, Prime Minister Edith Cresson removed Jean Pierre Soisson from office Saturday, accusing him of gaining National Front votes.

Soisson had been minister of state and minister of the civil service and modernization of the administration.

Observers said Soisson's dismissal represented the break-up of the left-wings' union as well as a new crisis for the Cresson government.

After the final polling results were released, Socialist Party appeals for Cresson's own removal came thick and fast.

The party's former First Secretary Pierre Mauroy called on President Francois Mitterrand to "pay attention to the out-crying of the Socialists and the French."

Observers said a change in government was imperative. Cresson would not survive the week, they said.

The Socialist Party's election failure has triggered a whole manner of problems.

The opposition has pressed the president to dissolve parliament and hold early legislative elections.

This has not only threatened the government's legitimacy, but also challenged the continued rule of President Mitterrand himself.

A fierce party struggle is expected in the regular spring session of Parliament this Thursday.

Local reports predicted President Francois Mitterrand would have to make a decision on the fate of Cresson and her administration before Thursday's meeting.

**'Bright Future' Seen in Sino-Austrian Trade**  
*HK2803045792 Beijing CHINA DAILY in English*  
*28 Mar 92 p 2*

[By staff reporter Chang Weimin: "Austria Ready for More Trade Links"]

[Text] Leopold Maderthaner, president of the Austrian Federal Economic Chamber, said he believes there is a bright future for trade between Austria and China.

Maderthaner, who is in Beijing this week on his first visit to China as the chamber president, told China Daily that

the talks he held with senior Chinese officials concentrated on China buying more machinery and electronics from Austria.

China, which Maderthaner calls one of Austria's best partners, has shown interest in Austria's environment and energy-related machinery and electronics, he said in Beijing.

And Austria, Maderthaner said, as one of the world's leading manufacturers of machinery and electronics, is willing to supply what China needs.

He said his visit is aimed at exploring ways to extend bilateral trade and friendly ties between his chamber and the China Council for the promotion of International Trade (CCPIT), which hosted his visit.

Maderthaner met with Chinese Vice-Premier Tian Jiyun and CCPIT chairman, Zheng Hongye, and had talks with senior officials from the ministries of Energy, metallurgical Industry and Foreign Economic Relations and Trade (MOFERT).

Maderthaner said he had studied China's Eighth Five-year Plan (1991-95) in a bid to see what China would need during the period.

"We want to make clear what has been focused in the plan and I hope Austria can help China reach its targets," he said.

He mentioned the contract that was signed earlier this month in which Austria agreed to lend China one billion Austrian schillings (\$85.2 million) in soft loans to promote bilateral trade.

"I expect China will soon deliver the list of what it needs from Austria with the loans," Maderthaner said.

He disclosed that business talks will be arranged to further discuss the matter.

In 1987, Austria lent some 7 billion Austrian schillings (\$596 million) to China, which was used to fund 72 projects in 18 provinces.

He said that both Austria and China intend to start more joint ventures and co-operative projects.

### NPC Session

#### Wan Li Holds Discussions With Beijing Deputies

##### On Democracy, Rule of Law

HK3103105992 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0804 GMT 31 Mar 92

[By correspondent Li Wei (2621 0251)]

[Text] Beijing, 31 Mar (ZHONGGUO XINWEN SHE)—Wan Li, the National People's Congress [NPC] Standing Committee chairman, stressed here this morning that we must put everything on the track of democracy and rule of law in order to provide law for the cadres and masses in China to abide by, and make them voluntarily obey various laws.

Wan Li concentrated on the problem of strengthening democracy and rule of law when discussing government affairs with deputies of the Beijing NPC deputy group.

Wan Li said: Democracy and rule of law are important means for social stability. We cannot for our cause rely on rule by men, or replace laws with words. In this regard Beijing should be ahead of others; Beijing's law and order is not good. We must rely on administration, but more importantly on democracy and rule of law.

Wan Li also pointed: Democracy and rule of law are the yardsticks that measure the civilized extent of a country. Beijing has the conditions as well as the possibility to be built into a city with a high degree of democracy and legal rule, so that all of us can live a better civilized life.

He said: There are too few legislators in the current NPC, and legislation lags behind economic development. It is hoped that Beijing Municipal NPC would strengthen work in this area, and take reference from the practices of strengthening democracy and rule of law of all other countries and their experiences in proper urban management.

This morning Wan Li also participated in the Liaoning provincial deputy group discussion. In his brief address he again stressed the importance of democracy and rule of law, saying that strengthening socialist democracy and legal building is an important part in China's political structural reform. Wan Li expressed the hope that Liaoning Province will make contributions toward enlivening large- and medium-sized enterprises, grasp the opportunity, and expedite reform and opening up.

##### Private Sector Growth Encouraged

OW3103092692 Beijing XINHUA in English  
0906 GMT 31 Mar 92

[Text] Beijing, March 31 (XINHUA)—China's top legislator Wan Li today said the "private sector" should be encouraged to grow in the country's tertiary industry.

Wan, chairman of the Standing Committee of the National People's Congress (NPC), made the remark here today in joining a panel discussion of NPC deputies from Beijing.

Wan, praising the private sector's contributions to the national economic development, noted that the annual tax revenue from private businesses across the nation totals 17 billion yuan.

On a proposal of their peers in Beijing, private businessmen across the country donated a total of 50 million yuan to flood victims in southeast China last year, he said.

Calling the private sector and enterprises involving overseas fund a "strong supplement to the socialist economy of public ownership," he said the private sector needs to grow along with the development of the country's service trade, with which it is mainly involved.

When he was told by Beijing Mayor Chen Xitong that the 120,000 private businesses in Beijing account for 37 percent of city's service trade, Wan said "the proportion is still too small".

In response to the deputies' hope for legislation on private economy, Wan said democracy and a legal system constitute the most basic means for ensuring social stability.

Promotion of socialist democracy and construction of the legal system are an important part of China's political restructuring, he said.

##### Deputies Voice Opinions on Government Reports

OW3103033392 Beijing XINHUA in English  
0219 GMT 31 Mar 92

[Text] Beijing, March 31 (XINHUA)—Deputies attending the current session of the Seventh National People's Congress (NPC) continued to voice their opinions regarding the government work report by Premier Li Peng and other two reports by Vice-Premier Zou Jiahua and State Councillor and Finance Minister Wang Bingqian.

On the rate of economic development, Wei Mingyi, an NPC deputy from the Chinese People's Liberation Army (PLA), said that in 1991, the growth rate of China's gross national product (GNP) was seven percent, but the GNP rate for this year is set at six percent. This does not accord with the spirit of speeding up economic development, he added.

Wang Minhai and Li Changlin, also deputies from the PLA, said that in Zou Jiahua's report, the targeted grain output this year is 300 million kilograms less than the actual output of last year, which runs counter to the necessity of a steady development of agriculture. They held that the grain output should not be reduced in the plan.

Deputy Chen Xuanhua said during the past few years of improving economic environment and rectifying economic order, some kinds of power had been withdrawn from the enterprises and units at the grassroots level, now is the time to delegate them again to the enterprises and these units so as to accelerate economic development.

On streamlining governmental institutions, Deputy Chi Yunxiu said that the institutions at various levels are redundant and overstaffed and yet the work efficiency is low, and the expenditures for the national administration are too high.

Chi called for drawing up specific plans to streamline governmental organizations and implementing them as soon as possible.

Referring to the issue of building a clean government, Xie Feng, a deputy from Hebei Province, said that it is not enough to just bring the corruption under control.

It is high time, he said, to make further efforts to crack down on corruption, particularly embezzlement and bribery committed by a few people in leading posts at various levels.

People will support severe punishment for culprits in this regard in order to build a clean government, he said.

### **Government Organization, Restructuring Demanded**

*OW3103033492 Beijing XINHUA in English  
0301 GMT 31 Mar 92*

[Text] Beijing, March 31 (XINHUA)—China should take bolder steps to restructure government organizations to keep up with the quickened economic restructuring and opening to the outside world, according to deputies to the current session of the National People's Congress (NPC).

While deliberating Premier Li Peng's government work report to the fifth session of the seventh NPC, deputies from many parts of the country press for the change in the functions of the government at all levels and drastic cuts in the fast-expanding government staff.

Quite a few deputies point that the government organization restructuring is part of political restructuring which should go hand in hand with economic restructuring so as to ensure complete success.

Economist Tong Furen from east China's Zhejiang Province said government institutions should give the enterprises free rein in their economic activities instead of poking their noses into this or that. Otherwise, the government organizations would grow larger and larger and fall victim to formalism and bureaucratism.

Quite a few deputies warn of the fast expanding government staff. Chen Xianglin from Shanghai said that the number of employees in the government departments

and institutions at various levels reaches 34 million, accounting for 3 percent of the entire population.

Yang Shengjie from Qinghai estimated that the administrative expenses come to 140 billion yuan a year, a huge portion of the national expenditure.

Some deputies recalled previous efforts at simpler administration without noticeable results. What's worse, some abolished departments were later reinstated again.

No wonder that He Huanfen from central China's Hubei Province called for resolute measures in this regard while Zhang Mingjun from Fujian Province demanded formulating a law governing the number and size of government departments at various levels.

NPC deputies from Gansu suggested that the central and provincial governments should take the lead in this effort.

As for the reduced staff members, NPC deputies proposed, they can go to work at the grassroots units or in the rural areas.

### **NPC Deputy From Fujian Ridicules Formalism**

*OW3003150492 Beijing XINHUA Domestic Service  
in Chinese 0928 GMT 30 Mar 92*

[Text] Beijing, 30 Mar (XINHUA)—"What is the meaning of implementation?" Answer: Holding meetings means implementation; the bigger the meeting, the better the implementation.

"What does "attach importance" mean? Answer: Importance is attached to the appearance of a leader; the level of importance is commensurate with the number of leadership appearances.

"What is the meaning of strengthening?" Answer: The upgrading of an organization and the enlargement of the size of a department means strengthening.

"What is the meaning of enforcement?" Answer: Enforcement begins with the end of the visit of the inspection group.

"What is the meaning of support?" Answer: No money no support.

"What is the meaning of level?" Answer: The longer the report, the higher the level.

Zheng Yizheng, secretary of the Putian City CPC committee, Fujian, used very strong language to describe formalism, which has become a very "hot" topic. He posed the question: Can superficiality promote economic development? For leading cadres who "wade into the sea of meetings" during daytime; "climb the mountain of paperwork" at night; and in between, are busy with social gatherings, ribbon-cuttings, attending banquets, and receiving and seeing off VIPs, the catchphrase "go work deep among the grass roots and genuinely implement policies" sounds rather hollow.

As he himself is a secretary of a city CPC committee, Zheng Yizheng attempted to associate the above phenomena with his own plight. He said: Take myself, for instance; one-third of my time was "engulfed" by these things.

This very deputy called on society to join in efforts to do away with formalism. He said that leading organs should take the lead in eliminating formalism.

### Delegates Call for Greater Attention To Education

OW3103082592 Beijing XINHUA in English  
0753 GMT 31 Mar 92

[Text] Beijing, March 31 (XINHUA)—A number of deputies attending the current annual session of the Seventh National People's Congress (NPC) have called for greater attention to improving the country's education.

While deliberating the reports on government work and the state budget the deputies put forward suggestions to improve the present status in education, such as cutting down on administrative spending to increase education funds, encouraging social sectors and individuals to run schools of various kinds, speeding up the reform of the educational system, readjusting the set-up of secondary education, and expanding the enrollment of the institutions of higher learning.

Though the government has emphasized the importance of education in recent years and increased investment in the sector, the measures are inadequate and funds for education not sufficient, according to the deputies.

They said that there are still many problems in the secondary education and the development of the higher education is slow.

In the discussion, they recalled that when the first session of the Seventh NPC was held four years ago, NPC deputies were enthusiastic about education and education developed for a period of time following that session. However, according to the deputies, less importance is now being paid to the sector and many problems remain unsolved.

Fang Shaoyi and Hu Shufang, deputies respectively from Guangdong and Anhui Province, said the government invested too little in education, which they said is of fundamental importance to the country's long-term development.

They said that although the funds for education increase by about 10 percent yearly, but the input is almost set off by the increase of employees in the educational sector and inflation.

In 1992's state budget plan, the expenditure for education sector is set at 45.21 billion yuan, an increase of 11.3 percent over 1991, but the education expenses per capita in the country is only about 40 yuan, they said.

Especially, the investment from the central government will only increase by 400 million yuan over the previous year and the sum is too little, the deputies said.

Deputies from Hebei, Shandong and Fujian Provinces pointed out that the system, structure, teaching materials and teaching methods of the existing secondary education need to be reformed.

While the income of teachers is rather low, they said, the millions of students are weighed down by heavy homework and hard pressed, upon graduation, to get enrolled at the colleges.

Lu Tiecheng from Sichuan Province and Zhao Jinsheng from Tianjin suggested expanding the enrollment of institutions of higher learning so as to cope with the economic development.

They said that now there are only 2.04 million college students, or less than 20 among 10 thousand people.

About 2.5 million students graduated from secondary schools every year, while only one fourth of the graduates and three percent of the youth of the same age can enter universities.

They noted that the early 1980s saw a great increase in China's university enrollment, resulting in deficiency in classrooms and dormitories, teachers and teaching facilities.

Later as a result of a "fever for diplomas", too many schools were opened.

During the past three years to improve economic environment and straighten out economic order, the state made readjustment in the educational sector and the enrollment of universities was reduced from 670,000 in 1987 to 620,000 and the enrollment of institutions of higher learning for adults dropped from 700,000 to 440,000.

Deputy Zhao Jinsheng said that along with the economic development more and more university graduates will be needed with each passing year.

He noted that now not only the state-owned enterprises and foreign-funded enterprises but also rural industries and private enterprises demand university graduates.

He said that it will be a blunder if the university enrollment is not expanded from now on.

### Deputies Hail Shanghai Development of Pudong

OW3103020492 Beijing XINHUA Domestic Service  
in Chinese 2059 GMT 31 Mar 92

[By reporter Ma Kuijun (7456 7608 0689)]

[Text] Beijing, 31 Mar (XINHUA)—The opening and development of Pudong was a "hot topic" among deputies to the Fifth Session of the Seventh National People's

Congress [NPC]. They focused their attention on Shanghai's strategic position in China's opening setup and placed their hopes on Shanghai's new ascendancy.

Li Daqiang, permanent vice governor of Hubei and deputy to the NPC, said that Pudong's opening and development created a rare opportunities not only for Shanghai but also for the entire Changjiang valley. According to his reasoning, through the use of the favorable conditions of Changjiang as a "Golden Channel," it is entirely possible to develop an economic corridor along the river running from Shanghai through Nanjing and Wuhan to Chongqing and establish a solid economic belt linking the eastern, central, and western regions, and Pudong's opening and development will create opportunities for this economic corridor. He said: Hubei is formulating a new strategy to speed up the development of "three rivers" (Changjiang, Hanjiang, and Qingjiang) and "two lines" (Beijing-Guangzhou and Hankou-Chengdu), using Wuhan as the head of the dragon and the Changjiang economic corridor as the primary route. It has also decided to develop the triangle region of Huangshi, Ezhou, and Huanggang along the river in the early stage of the development in order to work in concert with and benefit from Pudong's opening and development.

Jiangsu is the province closest to Shanghai. Governor Chen Huanyou indicated: The development of the economic corridor along Changjiang is extremely important to Jiangsu's development. Economic development in the corridor will interact with Pudong's development and become its backup force. In addition, it will stimulate the development of the Changjiang economic belt and bring along the entire middle and lower reaches of Changjiang in the course of development. He referred to Changjiang as a huge dragon, with Shanghai as the head and Jiangsu as the body. He said that in the 1990's, Jiangsu intends to hook up with Pudong's opening and development and link itself to the international market.

Lei Hengshun, professor at Chongqing University and deputy to the NPC, said: In order to change from our current emphasis on extensiveness to one on intensiveness and to get full benefit from the opening, we must ask the opening regions to take part in international division of labor and cooperation on a broader scale. In this respect, Pudong should be able to serve as an example for the whole nation.

Tianjin is majestically situated in north China and has interacted economically with Shanghai. Tianjin Mayor Nie Bichu viewed Pudong's opening and development both as pressure and a motive force. He said: Pudong's opening and development will make Tianjin emancipate its mind further and take quicker steps to compete with Shanghai and, at the same time, support each other. With this in mind, Tianjin has established a strategy to develop its outside-oriented economy through the simultaneous development of a free trade zone, an economic development zone, and a new technology industrial park.

Shanxi, an inland province, and Guangxi, a border province, place greater hopes on Shanghai's take-off. Deputies from the two provinces all believed that Shanghai has a strong scientific and technological force, a large number of large and medium-sized enterprises, and a good industrial foundation and that its take-off will serve as a good example for the nation and contribute more to the economic development of the nation as a whole. They also held that Pudong's opening and development also created conditions for them to develop an outside-oriented economy and pledged to actively take part in Pudong's construction and use Pudong's favorable conditions to develop their own provinces.

Because of the expectations expressed by deputies from the fraternal provinces and municipalities, Wu Bangguo, secretary of the Shanghai Municipal Party Committee, felt great responsibility. He said: As a municipality, Shanghai's development cannot be accomplished in isolation from the rest of the country. Shanghai will not forget about the rest of the country, either. It is Shanghai's unshirkable responsibility to carry out economic and technological exchanges with the rest of the country. This is why Shanghai propounds the slogan of playing the "China card" to develop Pudong. This is why Shanghai intends to blend in with the rest of the country to form one entity.

#### **Reform Enhances Guangdong-Hong Kong-Macao Ties**

OW3103093892 Beijing XINHUA in English  
0929 GMT 31 Mar 92

[Text] Beijing, March 31 (XINHUA)—With the push for bolder reforms and opening, the economic cooperation between Guangdong and the Hong Kong-Macao region will develop in depth and breadth.

That is an unanimous view of deputies from Guangdong delegation at the current session of the Seventh National People's Congress (NPC) and members from Hong Kong and Macao of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) which just closed its fifth annual session.

Zhu Senlin, governor of Guangdong Province, said that 70 percent of the investment used by his province came from Hong Kong and Macao and Hong Kong and Macao are Guangdong's largest market for export and import.

At the same time, Zhu said, Guangdong has become a new production base for the manufacturing of Hong Kong and Macao, which has enabled Hong Kong and Macao manufacturers to maintain their positions in the keen international competition.

Governor Zhu said Guangdong will continue to devote efforts to the improvement of the investment environment and make full preparations for a big influx of capital, technology and personnel from Hong Kong and Macao.

Guangdong, Hong Kong and Macao are highly mutual-complementary in terms of development needs, said NPC Deputy Tong Ping-tat, honorary chairman of the Chinese General Chamber of Commerce of Hong Kong, and member of the NPC Standing Committee, Ma Man-kei, chairman of the Chinese General Chamber of Commerce of Macao.

Guangdong needs funds, technology and personnel and channels for exports which the more developed Hong Kong and Macao can provide while Hong Kong and Macao needs land and labor which are abundantly available in Guangdong, they said.

CPPCC member Szeto Fai, chairman of Sei Yap Clanmen Association of Hong Kong, said that after mid-1980s when Hong Kong and Macao suffered a shortage of labor, the Pearl river delta provided an ideal production base and most of the business people who invested in the delta have achieved remarkable economic results while Guangdong also benefited from the investment from Hong Kong and Macao.

Guangdong, Hong Kong and Macao have become inseparable in their relations, Fai stressed.

Guangdong and Hong Kong, Macao are mutually reinforcing in economic development, said Zhou Nan, director of Hong Kong branch of XINHUA news agency, adding Hong Kong owes its steady economic development to the relations with the mainland, Guangdong in particular, at a time when the Western world has been plunged into an economic recession.

But there are still rooms for improvement in the economic cooperation among Guangdong, Hong Kong and Macao, said deputy Wong Kong-hon, vice-chairman of Fukien Chamber of Commerce in Hong Kong.

He said that the transportation, customs and other service facilities are falling far short of the needs of bulk imports and exports.

On the other hand, he pointed out, some of the investors in Hong Kong and Macao lack a long-term view, investing in hotels and processing sectors which promise fast returns instead of in high and new technology sectors.

Many NPC deputies and CPPCC members from Hong Kong and Macao urged Guangdong to further improve its investment environment and legislation, raise work efficiency and train more competent personnel so as to prepare itself for the arrival of a new period of development in the economic and technical cooperation with Hong Kong and Macao.

**Entrepreneurs on Reform, Opening at News Briefing**  
*OW3103094292 Beijing XINHUA in English*  
*0931 GMT 31 Mar 92*

[Text] Beijing, March 31 (XINHUA)—Four Chinese entrepreneurs today expressed their hope to speed up the reform and opening.

At a news briefing sponsored by the news center of the current session of the Seventh National People's Congress, these entrepreneurs said that they were encouraged by the report on Deng Xiaoping's tour of Shenzhen carried in today's newspapers.

They pointed out that Deng's remarks in Shenzhen expressed the wishes of the whole people.

Geng Zhaojie, general manager of China's No. 1 Automobile Group Company, told reporters that his company's production made big progress in the 1980s thanks to the reform and opening-up.

His company expected a new surge in production in the 1990s, he said, adding that naturally "we hope the pace of reform and opening will be quickened."

According to Geng, the automobile company has over the past decade upgraded its products and installed a production line with an annual capacity of turning out 60,000 light trucks, and has begun to build a joint-venture production base with an annual capacity of making 100,000 "Audi" cars.

As for the reform within the enterprise, Geng said that in addition to changes to the wages and personnel systems, he is planning to make housing, nursery and other welfare services independent from the company so as to lessen its burden.

Wang Peizhou, executive deputy director of Shanghai's Baoshan Iron and Steel Complex, said that he agrees with Geng's views, saying that the reform can be speeded up according to the present conditions of his complex.

Asked about its future plans, Wang said that the complex will join international cooperation, preparing to set up subcompanies and open up iron mines abroad.

Last year, the complex exported 450,000 tons of fine-quality rolled steel to Japan, South Korea and Southeast Asia, he said.

Zhang Xingrang, director of Shijiazhuang's No. 1 Plastics Factory, Tao Kanfen, deputy manager of Nanjing's Xinjiekou department store, as well as Geng and Wang stressed that the role of party committees in enterprises will be enhanced instead of weakened with the deepening of the reform.

They pointed out that their enterprises need party committees to do ideological work among the employees so as to put various reform measures into practice.

At the news briefing, the four entrepreneurs also answered questions about banking and enterprise reforms, contracted responsibility system in enterprises and trials in the share-holding system.

**Daily: NPC, CPPCC Seek Enterprise Reform**

*OW2803081992 Beijing XINHUA in English  
0801 GMT 28 Mar 92*

[Text] Beijing, March 28 (XINHUA)—“A fierce battle” needs to be launched to revitalize China’s large and medium-sized state-owned enterprises with deepened reforms.

This is a view shared by deputies and National Committee members attending the ongoing sessions of the National People’s Congress (NPC) and the Chinese People’s Political Consultative Conference (CPPCC).

Only with independent operation, can the state-owned enterprises come up with better performance, the NPC deputies and CPPCC members noted.

Therefore, they called for deepened reforms of such enterprises, asking the government to “render more service to enterprises and interfere less,” and push them into market competition, according to an article in today’s “PEOPLE’S DAILY” [RENMIN RIBAO].

An important reason for the lack of authority of the four-year-old law on enterprises lies in the failure to separate the functions of government and enterprises, which leads to undue interferences from government departments, the NPC deputies and CPPCC members noted.

The enterprises in some coastal, open cities have thrived on the institution of indirect government control of only issuing licenses, levying taxes and punishing violations of law or discipline, they observed.

“The duty of government organs is to coordinate, guide, serve, ensure an environment of fair competition, foster the markets of such essential factors of production as finance, materials, technology, labor and property rights, and in short, ensure favorable external conditions, for the enterprises,” said political economist Zhou Jue, adding even this represents “only a beginning” in transforming the functions of administrative organs.

Meanwhile, the rigid internal mechanism, which contributed to a general lack of vitality of the enterprises, needs to be reformed, the NPC deputies and CPPCC members said.

He Zemin, president of China first tractor and construction machinery group and former director of the first tractor plant in Luoyang, said new practices of contract system, differentiation of wages, contracted work and posts, and in-plant-unemployment helped bring the initiatives of his staff and workers into full play. The plant has increased the varieties of its products and its output value grew by five times, the NPC deputy added.

Peng Yuanxi, a company executive and an NPC deputy, cited the successful implementation of labor contract system in his corporation, which involves the general manager down to workers, saying transformation of

enterprises’ internal mechanism should start with breaking the ‘iron chair,’ or an always secure job.

According to statistics of 23 provinces, autonomous regions and municipalities directly under the central government, nearly 40,000 enterprises have reformed the labor system, involving a total of 17 million workers. Of those, 1,168 large or medium-sized enterprises fully implemented the labor contract system.

**Heilongjiang Governor on Promoting Reform, Opening**

*OW3003140892 Beijing XINHUA in English  
1222 GMT 30 Mar 92*

[Text] Beijing, March 30 (XINHUA)—Shao Qihui, governor of Heilongjiang Province, said here today that his northernmost province will seize the current opportunity to develop into an opened outpost with the backing of southern China.

It aims to do business with the Commonwealth of Independent States to the north as well as other countries in the world.

Shao made the remarks at a news briefing sponsored by the news center of the current session of the National People’s Congress today.

The government’s decision to further open the cities of Heihe and Suifenhe in Heilongjiang, he said, is an important strategic measure to promote Heilongjiang’s opening and reform.

By the end of 1991, Heilongjiang had established economic and trade relations with 120 countries and regions in the world and opened 11 ports along its border with Russia. And it had approved 721 foreign-funded projects with contracted funds amounting to 810 million U.S. dollars.

In 1991, the total value of barter trade reached 1.06 billion Swiss francs, 30 times the 1987 figure.

Shao said that in the past four years, 500 economic and technological cooperation contracts were signed with a total value of 900 million Swiss francs and 90 percent of the projects involved construction outside China.

Up to now, more than 1.5 billion yuan of funds has been introduced into Heilongjiang from other provinces and more than 6,000 enterprises from over 200 cities in China have established economic ties with Heihe and Suifenhe in the province.

On Heilongjiang’s future opening-up, Governor Shao said that his province will promote its economic cooperation and trade with foreign countries and regions in the world, especially the Commonwealth of Independent States (CIS) in an all-round way.

The province encourages business and cooperation at the province, city, or county level and among enterprises,

various modes of trade including barter trade among the frontier inhabitants, construction tendering, labor service and joint ventures.

He disclosed plans to set up open economic cooperative zones and establish joint venture, cooperative and solely-funded enterprises in the fields of industry, commerce, agriculture and forestry in Russia and other CIS states.

In the open cities of Heihe and Suifenhe, two border economic cooperative zones are on the planning board, which will enjoy the same preferential policies as the special economic zones.

The two open cities will open their frontier inhabitants' trade zones to Russian businessmen and frontier residents and develop them into China's biggest Russian commodity markets, he added.

The governor said that the province will run well the Harbin New and High-Technology Development Zone and the Third Frontier Trade Fair scheduled for June 15-24.

#### Development in Minorities Regions Viewed

OW2803033192 Beijing XINHUA in English  
0250 GMT 28 Mar 92

[Text] Beijing, March 28 (XINHUA)—NPC [National People's Congress] deputies from areas inhabited by people of minority nationalities urged the government to work out specific and effective measures to step up reforms and opening in their areas in order to keep pace with other regions of the country.

Discussing the government work report to the current session of the Seventh National People's Congress, Ismail Amat, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, said the government should work out specific policies for the minority nationalities regions with regard to export quotas, licenses, foreign exchange retention, project approval and procedures.

He said that it is not enough to open Manzhouli and Huichun and more cities in northwest and southwest China should be declared open to the outside world so that a number of bases will be established for opening to the outside world. [sentence as received]

He stressed that social security and stability depends on economic development and economic development determines the degree of openness.

He called for further emancipation of the minds and dispel the misgivings that opening up would lead to social disorder and instability.

Buhe, chairman of the Inner Mongolia autonomous regional government, said that the only way to give a

push to the economy in the minority nationalities areas is to deepen reforms and open wider to the outside world.

He noted that reform and opening have brought about tremendous changes to the Inner Mongolia Autonomous Region, changes that are beyond comparison with those that took place in the previous 28 years.

He stressed that the minority nationalities regions need all the more to focus on economic development so as to consolidate the hard-won situation characterized by stability and unity.

Li Fulu, a deputy from Qinghai Province, urged the government to invest more in minority nationalities areas.

He said that the state investment is biased toward the coastal developed regions, resulting in a wider gap between the coastal regions and minority nationality areas.

The deputies from minority nationalities areas have come to recognize that the lack of personnel is now impeding the progress of opening to the outside world and therefore called for stepped up efforts to train high-level personnel.

#### Cooperation To Bridge Regional Economic Gaps Urged

OW3103090292 Beijing XINHUA in English  
0828 GMT 31 Mar 92

[Text] Beijing, March 31 (XINHUA)—Self-improvement and east-west cooperation are the only way to bridge the increasingly wider gaps between the economically developed eastern coastal areas and the less developed landlocked western regions.

This seems to be the conclusion drawn from the discussions among people's deputies from the less developed western regions over the past few days.

For historical reasons, the western part of China was traditionally lagging behind the eastern coasts. Although much progress has been made in the western part since the country introduced the policy of reform and opening to the outside world, the eastern part has developed even faster, thus further widening the already wide gap.

Statistics show that between 1985 and 1989, the annual average growth rate of the five provinces and autonomous regions in northwest China was 2.1 percentage points lower than that of the seven provinces and cities in east China. The proportion of the industrial and agricultural output value of the northwestern region in the national total in 1989 dropped by 0.25 percentage points as compared with 1985 while the figure for eastern coasts was up by 0.4 percentage points.

The unevenness of economic development is normal, agreed deputies from the western areas, but the gap should be narrowed.

Bajorcering, an NPC [National People's Congress] deputy and chairman of the Standing Committee of the Qinghai Provincial People's Congress, said that the fundamental way out for western regions is to boost the power for self-development.

The push for faster and bolder reforms and opening will offer a new opportunity for the western regions in this regard, he noted.

For Qinghai, he said, great efforts should be made to develop the mining industry and the processing industry as well as village and township enterprises which can best use the locally available resources.

Jia Zhijie, an NPC deputy and governor of Gansu Province, said that Gansu has every condition to develop faster.

The development of natural gas in Turpan and Hami basins in Xinjiang and in northern Shaanxi will surely stimulate the development of Gansu's industries.

He called for state approval of the establishment of a 300,000-ton ethylene project in Lanzhou, provincial capital of Gansu, as a push for the economic development of the whole province.

The NPC deputies from the western region also called for stepped-up efforts to strengthen cooperation between the economically developed coastal areas and the less developed western region, which started a dozen years ago.

Yang Shengjie, an NPC deputy and director of the representative office of Qinghai in Shanghai, said the technical cooperation between the Xining pressure gauges factory and the Shanghai pressure reducers factory over the past six years has not only saved the Xining factory from being bankrupt but quadrupled its output value.

Yang envisaged that the province establishes an assembly workshop in the Pudong development area in Shanghai to assemble the numerical controlled machine tools manufactured in Qinghai by using the technology from the German Siemens and export them to European and American markets. In this way, Qinghai may also share some of the benefits of the preferential policies granted to the development zone.

He said that in cooperating with eastern areas, the western region should introduce more technology instead of capital only.

But, he said, it is necessary for the state to organize such cooperation and make it a matter of great importance in its agenda.

Gansu Governor Jia Zhijie said that the state should adopt some policies biased towards the western region, saying that some major projects which use resources from the western region and can be located in either the

east and the west should be cited in the western region so that the western region may benefit from them.

#### NPC Standing Committee Holds Minority Work Forum

*OW3103083692 Beijing XINHUA Domestic Service in Chinese 1500 GMT 30 Mar 92*

[By RENMIN RIBAO reporter Yuan Jianda (5913 1696 6671) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 30 Mar (XINHUA)—Peng Chong, vice chairman of the Standing Committee of the National People's Congress [NPC], stressed here today that all localities should seriously implement the guidelines of the central conference on nationalities work by drawing up specific plans and adopting implementation measures in light of their local conditions to make new contributions to strengthening unity and promoting the common prosperity of all nationalities.

Peng Chong made the above statement at a forum held by the NPC Standing Committee this afternoon to implement the guidelines of the central conference on nationalities work. Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, and Liao Hansheng discussed with leading comrades and deputies of minority nationalities from Inner Mongolia, Ningxia, Xinjiang, Tibet, and Guangxi Autonomous Regions on developing the economy, education, and science and technology and on training minority cadres in nationalities regions.

More than 10 comrades, including Wang Chaowan, governor of Guizhou; Batu Bagen, chairman of the Standing Committee of the Inner Mongolian Regional People's Congress; Amudun Niyaz, chairman of the Standing Committee of the Xinjiang Regional People's Congress; Hu Jintao, secretary of the Tibetan Regional CPC Committee; and Wu Jinghua, minister in charge of the State Nationalities Affairs Commission, gave briefings on progress made in their respective regions or ministry in implementing the guidelines of the central conference on nationalities work. They also expressed their views and made some suggestions on developing the economy, carrying out the reform and open policy, and implementing the law of regional autonomy in minority nationalities regions.

In his speech, Peng Chong pointed out: The central conference on nationalities work was extremely important. All localities should vigorously and seriously organize activities to study and implement its guidelines and carry out our country's nationalities work in a down-to-earth manner and with better results. He said: Upholding the principle of equality, unity, and mutual assistance among various nationalities, implementing the system of regional autonomy of minority nationalities, and promoting unity, progress, and common prosperity of all nationalities are the firm policies of our party and state. We must seize the current good opportunity to accelerate reform and opening to the outside

world and further emancipate the mind to ensure economic and social progress in our country's vast minority nationalities regions.

On the question of accelerating economic development in minority nationalities regions, Peng Chong said: Promoting economic and social development in minority regions is the common task of all nationalities. The state will continue to support economic construction in minority regions. Economically advanced regions should take the initiative to vigorously assist them. Minority nationality regions should carry forward the spirit of self-reliance, plain living, and hard struggle to strengthen their capacity for growth. The rest of the country should continue to resolutely implement the law of regional autonomy of minority nationalities, strengthen the building of a legal system for minority nationalities, and fully safeguard the rights to autonomy and equality in autonomous areas. He stressed: At present, we should achieve unity in understanding, further recognize the importance of nationalities work, guard against empty talk, and vigorously implement the policy to bring about a new situation in China's nationalities work.

The forum was presided over by Vice Chairman Ngapoi Ngawang Jigme.

#### Committee Seeks Approval of Three Gorges Project

OW3103124392 Beijing XINHUA Domestic Service  
in Chinese 0505 GMT 30 Mar 92

[Text] Beijing, 30 Mar (XINHUA)—Chen Muhua, vice chairman of the Standing Committee of National People's Congress [NPC] and concurrently chairman of the Financial and Economic Committee of the NPC, said today: After repeated research, analysis, and comparison, the financial and economic committee suggested that the NPC approve the Three Gorges Project and include it in the 10-Year Program for National Economic and Social Development, and let the State Council select an appropriate time to organize the construction of the project in light of the actual situation of national economic development and the availability of necessary financial and material resources.

At the second meeting of the Presidium of the Fifth Session of the Seventh NPC, Chen Muhua said: Deputies are greatly concerned about the construction of the Three Gorges Project. In the course of examining the project, they have put forward many good suggestions, as well as questions which merit attention. Most deputies are in favor of building the project, some still have doubts, and others object to the construction, all giving their reasons. All of the reasons are in consideration of national interests.

Chen Muhua said: The Three Gorges Project is large in scale and complex in technology. It will take a long time to build, displace a large number of people, and involve ecological, environmental, and social problems. We must fully estimate the difficulty and complexity of the construction tasks. To build the project well, we suggest

that the State Council put its leading comrades in charge of a powerful command so as to strengthen its leadership and exercise unified command over the project. Special laws and regulations should be enacted to deal with important issues in the course of the construction, such as the relationship between different regions, departments, and the interests of the masses.

Chen Muhua pointed out: The State Council should continue to do the preparatory work well, and seriously study and properly solve existing problems, including the problems which the deputies are concerned about. It should fully estimate the difficulties and problems which might happen in the course of the construction. It should continue to listen to the opinions of all quarters, make a scientific appraisal, and ensure a democratic and scientific process of policy-making. In building the project, it is necessary to widely adopt new technology, carefully plan, design and build; and strive to make the project one of high technology, good quality and high efficiency.

Chen Muhua said: The Three Gorges Project needs a huge investment. In order to ensure a smooth progress of the construction, we must figure out the dynamic investment, finalize the project budget, and phase in the fund-raising plan as soon as possible. Once the project is started, sufficient funds should be appropriated. At the same time, effective measures should be adopted to improve financial management and auditing, strictly enforce financial and economic discipline, and avoid loss and waste of materials and funds.

Chen Muhua made the following suggestions in her report: It is necessary to adhere to a principle of resettling displaced people through development projects, integrate the resettlement of displaced people with the economic development of the reservoir area, and properly resettle the displaced people. While relocating industrial enterprises from the reservoir area, efforts should be made to readjust their product mix, promote their technological progress, and enhance their economic efficiency through technological transformation. Efforts should be made to step up afforestation and preserve soil and water on the upper and middle reaches of the Changjiang and to strictly enforce the "Forestry Law" and "Water and Soil Preservation Law" so as to reduce silt in the river and the reservoir. This task should be performed in conjunction with efforts to develop agricultural production, increase the peasants' income, and improve the ecological environment on the upper and middle reaches of the Changjiang.

#### Wan Li Urges Action on Project

OW3003231092 Beijing XINHUA Domestic Service  
in Chinese 0820 GMT 30 Mar 92

[Text] Beijing, 30 Mar (XINHUA)—This morning, the presidium of the Fifth Session of the Seventh National People's Congress [NPC] held its second meeting at the Great Hall of the People to vote on the various motions to be submitted to the full session for deliberation and adoption.

NPC Standing Committee Chairman and Presidium Executive Chairman Wan Li presided over the meeting.

The meeting adopted a draft resolution on the Government Work Report of the Fifth Session of the Seventh NPC; it decided to print and distribute copies of the draft to various delegations for deliberation.

The meeting also heard reports by Chen Muhua, vice chairman of the NPC Standing Committee and chairman of the NPC's Financial and Economic Committee, on examining the implementation of the 1991 National Economic and Social Development Plan and the draft 1992 National Economic and Social Development Plan, the implementation of the 1991 state budget and the draft state budget for 1992, and the motion on building the Sanxia [Three Gorges] Project on the Changjiang. The meeting adopted the three reports and decided to print and distribute copies to all deputies.

The meeting adopted the draft resolutions of the Fifth Session of the Seventh NPC on the implementation of the 1991 National Economic and Social Development Plan and the 1992 National Economic and Social Development Plan, the implementation of the 1991 state budget and the 1992 state budget, and the construction of the Sanxia project on the Changjiang. It decided to print and distribute copies of the draft resolutions to various delegations for deliberation and to present them to the full session for voting.

At the meeting, six deputies made impromptu speeches when Wan Li asked for opinions on Chen Muhua's report on the Financial and Economic Committee's examination of the motion on building the Sanxia Project on the Changjiang. In their speeches, some deputies said: Given the country's current dire financial situation, it is better not to make a hasty decision on the Sanxia project. Some deputies remarked: We suggest that the report address specific opinions expressed by some deputies during their deliberation of the motion on the Sanxia Project, in which they expressed great concern over silting, ecology, investment, and civil air defense.

In their speeches, some deputies said: The Sanxia Project has undergone over 40 years of scientific evaluations. Experts have drawn specific conclusions with respect to many issues. Since advantages outweigh disadvantages, our generation should not leave what we can accomplish to the next generation.

After hearing the deputies' enthusiastic remarks, Chairman Wan Li said: It was very nice of the deputies to have expressed differing opinions in the spirit of being deeply responsible to the state and the nation. Since the project is gigantic and has an extensive impact, the State Council has always adopted a very prudent approach. For over 40 years, it organized experts in various sectors to evaluate the project. The results of the evaluations show that the Sanxia Project can yield remarkable benefits and carries more advantages than disadvantages.

This being the case, we should not hold more debates and put off taking a decision.

Wan Li said: Last year's devastating floods once again reminded us of the need to guard against flooding. If we do not launch the Sanxia Project, we will be unable to explain our actions to our posterity once problems occur. Agreement to build the Sanxia Project does not mean that the project must be launched immediately. It only denotes approval of the State Council's inclusion of the project in the 10-Year Program for National Economic and Social Development. Deputies are welcome to continue to express their opinions either before or after the project is approved.

#### Zou Jiahua Discusses 3 Gorges With Sichuan Group

*HK3103014192 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 27 Mar 92*

[Excerpts] On 26 March, the Sichuan delegation to the Seventh National People's Congress [NPC] Fifth Session held its fourth full meeting to specifically discuss the issue of launching the Three Gorges Project. Zou Jiahua, vice premier; Qian Zhengying, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]; and Yang Zhenhuai, minister of water resources, attended the meeting and listened to the opinions and ideas of the Sichuan deputies to the NPC on the project.

Kang Zhenhuang, national people's deputy and vice chairman of the provincial people's congress, said that for such a huge and comprehensive project, we badly needed unified planning and coordination and that we should give full play to socialist superiority in terms of its ability to concentrate strength on doing great things. [passage omitted]

He Haoju, national people's deputy and chairman of the provincial people's congress, made a speech and hoped that the Three Gorges Project would begin under the conditions of full preparation, and that once it was launched, finished by consistent effort. He said it is a huge project involving an extensive area and will require 15-18 years to build and there should be a very strong and forceful department to exercise leadership over it.

Qian Zhengying, vice chairperson of the National Committee of the CPPCC, after listening to the opinions and suggestions of Sichuan deputies, said that the Sichuan delegation had proceeded from the overall situation, had seriously and solemnly suggested many good ideas in a responsible manner, and that she had been greatly enlightened. She briefed everyone on the course of debate concerning the Three Gorges Project.

Vice Premier Zou Jiahua praised the deputies' constructive proposal which holds that the construction of the Three Gorges project should not be judged only from the angle of the project itself, but should be considered in light of the economic development in the Three Gorges areas. He said the party and the government would adopt

a responsible manner to do the migration work well and properly settle the migrants.

**Further on Motion for War Reparations From Japan**

HK3103075692 Hong Kong MING PAO in Chinese  
23 Mar 92 p 8

[“Special dispatch” by staff reporter Huang Han-chun (7806 3352 6511) from Beijing: “National People’s Congress (NPC) Deputies From Anhui, Guizhou Submit Joint Motions, Demanding War Reparations From Japan”]

[Text] According to people of departments concerned, on the eve of this National People’s Congress [NPC] session, approximately 100 NPC deputies from provinces, including Anhui and Guizhou, submitted joint motions to the NPC demanding that the NPC empower nongovernmental organizations, including the Red Cross Society of China, to hold talks with Japan for war reparations.

In addition, Tong Zeng, a young jurist in Beijing, handed a proposal to the NPC Standing Committee last year, demanding war reparations from Japan. He also published, the day before yesterday, an “open letter to the Japanese Diet” signed by 10,000 people in Beijing, demanding that during his visit to China, the Japanese emperor apologize to the Chinese people and promise them reparations.

During last year’s NPC session, Tong Zeng, an LL.M. at Beijing University, submitted a proposal to the NPC Standing Committee, pointing out that, on the basis of the principles of international law and international practice, China has the right to demand \$180 billion in war reparations from Japan. This proposal was immediately endorsed by NPC deputies from Anhui Province, including Wang Gong. It was immediately discussed at last year’s NPC session and a motion was prepared. Subsequently, NPC deputies from many provinces, including Guizhou, Gansu, Taiwan, Shandong, Jiangxi, Hubei, and Zhejiang, declared support for Tong Zeng’s proposal.

It was learned that on 18 March [1992], 32 NPC deputies from Anhui Province, who are attending this session, first submitted a joint motion to the NPC session and, on the following day, some 60 NPC deputies from Guizhou submitted a similar motion, demanding that this session discuss the motion. These motions emphasize that during the period of Japanese aggression against China, from 1931 to 1945, China suffered losses totaling \$300 billion, of which \$120 billion were war reparations and about \$180 billion was compensation for the victims. Although China renounced the \$120 billion in war reparations when China and Japan signed a joint friendship declaration in 1972, it has never renounced the \$180 billion in compensation for the victims. The motions demand that the NPC empower nongovernmental organizations, including the Red Cross Society of China, to hold talks with Japan.

It was said that the NPC Presidium had already received the above-mentioned motions but not yet decided whether or not they would be included on the agenda. According to other sources, several weeks before this session was held, the PRC Justice Ministry issued a document, entitled “The Legal Basis for Compensating the Victims,” to the NPC Standing Committee and made good preparations for the examination and discussion of the bill at the NPC session.

While the NPC deputies are deliberating on the campaign to demand reparations from Japan, Tong Zeng, the initiator of this campaign, showed news circles the day before yesterday 10,000 signatures he had solicited and collected from the masses all over the country and issued an open letter to Japan’s Diet. The letter maintains that on no occasion has China ever announced that the Chinese people have renounced their claim on behalf of the victims for compensation from Japan for the 1931-45 period. War reparations between governments are different from compensation for nongovernmental, individual victims and this has become an established international practice. The Japanese Government insists that China has renounced its claim for war reparations, which includes the claim for nongovernmental individual compensation. This is utterly groundless.

The open letter states: “This year is the 20th anniversary of the restoration of normal diplomatic relations between China and Japan. The Chinese Government has invited Japan’s emperor to visit China in October this year. However, we do not want to see a “stereotyped” apology to the Chinese people as given in other countries during the Japanese emperor’s visit. He should sincerely do two things: 1) offer an apology to the Chinese people; 2) agree that compensation will be made to the Chinese people. Neither one of these things can be dispensed with.

The open letter also says that they will solicit and collect the signatures of 100 million Chinese people who resolutely demand compensation for the victims from Japan until Japan offers an official apology and makes compensation. It also urges the Japanese Diet members to jointly submit to the House of Councillors and House of Representatives and adopt as soon as possible a bill on apologizing to and compensating the Chinese people.

**Civilian Group To Seek Indemnity Urged**

HK3103034292 Hong Kong SOUTH CHINA MORNING POST in English 31 Mar 92 p 11

[By Daniel Kwan in Beijing]

[Text] Momentum is gathering within the National People’s Congress (NPC) to press the Chinese Government into setting up a civilian organisation to seek war indemnity from Japan.

An outspoken intellectual has collected signatures from more than 10,000 Chinese war victims in order to press the Government to seek reparation from Tokyo.

According to an official Chinese newspaper report, total indemnity sought might be as high as U.S.\$180 billion (HK\$1,392 billion [Hong Kong dollars]).

So far, more than 100 delegates, representing Anhui, Guizhou, Jiangxi and Taiwan, have signed formal motions demanding the State Council [as published] take action against the Japanese Government.

And in an unusual move, an official Chinese newspaper has published a lengthy article supporting the call. The CHINA CHEMICAL INDUSTRY NEWS, which has a circulation of more than 200,000, was the first Chinese newspaper to directly report the issue.

The report quoted several members of the advisory organ, the Chinese People's Political Consultative Conference, as supporting the indemnity call.

It also claimed that civilian bodies such as Nankai University in Tianjin were prepared to take action against the Japanese Government for compensation.

According to the report, total indemnity sought might be as high as U.S.\$180 billion.

Although the NPC, China's highest law-making body, is unlikely to make a decision on it before it closes on Friday [3 April], the indemnity issue has cast a shadow over next month's visit to Japan by Chinese Communist Party boss Mr Jiang Zemin.

According to academic Mr Tong Zeng, a key promoter of the indemnity campaign, although the Chinese Government relinquished its right to seek indemnity from Japan in 1972, the agreement did not apply to civilian organizations.

"Our next step is to set up a civilian body to collect, verify and compile evidence and calculate estimations before we approach the Japanese Government for indemnity," Mr Tong told the SOUTH CHINA MORNING POST.

He said it was important for the Chinese Government to draft laws to regulate the indemnity collection work. Mr Tong, a lawyer, has distributed copies of a "regulation" he has drafted to NPC delegates.

He would continue to collect evidence from war victims, including those in Hong Kong. So far, he has collected signatures from more than 10,000 in China. The signatures have been sent to the Japanese parliament together with an open letter demanding compensation.

Despite its sensitivity, Mr Tong was optimistic that the indemnity issue would not jeopardise Sino-Japanese relations. "Diplomatic relations belong to the two governments. What we are working on now belongs to civilian organisations," he said.

But he said Beijing should at least seek a formal apology from Japanese Emperor Akihito when he visits China

later this year. "A mere gesture (by the emperor) will not be enough. And they should agree to our indemnity demand."

#### Trade Union Leader on Draft Law, Importance

OW3003143292 Beijing XINHUA in English  
1414 GMT 30 Mar 92

[Text] Beijing, March 30 (XINHUA)—The emphasis on the establishment of a uniform All-China Federation of Trade Unions in the revised draft of Trade Union Law of the People's Republic of China is "determined by China's historical and actual conditions," a Chinese trade union leader said here today.

Wang Houde, a deputy to the National People's Congress (NPC) and vice-president of the All-China Federation of Trade Unions, made the remark in reference to the revised draft of trade union law being deliberated at the current NPC annual session.

Even prior to the founding of the People's Republic in 1949, Wang said, China had only one a unified trade union organization, which was established in 1925.

As there is no fundamental conflicts of interests within the Chinese working class itself, a uniform and united trade union based on identical interests, is stronger than scattered and multi-form organizations, which can better accomplish the historical mission of the working class and better protect interests of the working class, Wang said.

Internationally, multiple trade unions in many countries tend to be combined, according to Wang. For instance, there were originally four trade unions in Japan, but in 1989 they were integrated into one unified trade union organization.

"A uniform and united trade union is in keeping with China's conditions as well as with the orientation of the international workers' movement," Wang added.

China's first trade union law, promulgated in 1950, can hardly meet the demands of the present situation, he said. It has been 14 years since China began revising the law.

The revised draft of the trade union law under deliberation stipulates that trade unions take the Constitution as the fundamental criterion for their activities, Wang said. This clearly defines that China's trade unions must adhere to the party's basic line of taking economic development as the central task and sticking to reform and opening to the outside world and the four cardinal principles.

At the same time, as the organization of the broad masses of the working class, the trade union must work independently, in line with its constitution and in accordance with the wishes and demands of the workers and staff, Wang said.

In addition, he said, the revised draft of the trade union law clearly defines the basic tasks of the trade unions at the present stage of mobilizing and protecting the initiative of the workers and staff and further liberating and developing socialist productive forces in a bid to boost economic development.

The revised draft of the law has greatly improved as compared with the former one in regard to expanding trade unions' rights in participating in state affairs and safeguarding workers' rights and interests, Wang added.

The draft law also defines the functions and powers of trade unions, including their participation in drawing up plans of the people's governments at all levels for national economic and social development, drafting certain laws and regulations, participating in the formulation and research of some policies related to workers' interests, joining in supervision and check-up on labor protection and supervising implementation of labor regulations, Wang said.

In addition, the revised draft law outlines 14 specific measures to protect workers' legitimate rights and interests, Wang said. For example, if an enterprise or institution violates labor laws or regulations, encroaches upon the legitimate rights and interests of the staff and workers such as prolonging the working hours, or if an enterprise or institution violates the laws or regulations on the protection of special interests of women staff and workers, the trade union shall have the right to request the enterprise or the institution involved to make corrections.

A trade union may represent the staff and workers in concluding collective contracts with the administrative authorities of the enterprise or institution, Wang said. When an enterprise dismisses or punishes a staff member or a worker, the trade union shall have the right to put forward its opinions where it deems improper.

In production process, when a trade union discovers that the administrative authorities of the enterprise order the workers, in violation of the relevant regulations, to take a risk in their operation, the trade union shall have the right to put forward suggestions for a solution, and when it is necessary, the trade union shall have the right to suggest that the staff or workers withdraw from the sites of danger, Wang said.

Wang noted that the provisions, which stipulate that federations of trade unions at or above the county level may provide legal consultative services for subordinate trade unions as well as staff and workers and grass-roots trade unions shall have the right to participate in labor dispute arbitration, will provide a legal guarantee for safeguarding workers' rights and interests against any encroachment.

He said that with the addition of the above-mentioned contents and specific provisions, the new draft law will be "strong in its operability," and can further stimulate

workers' enthusiasm in supporting, participating in and accelerating reform and economic development.

#### Deputies' Remarks Cited

*OW3003143892 Beijing XINHUA in English  
1402 GMT 30 Mar 92*

[Text] Beijing, March 30 (XINHUA)—China really needs a law on trade unions because trade unions need the protection of law in safeguarding the legitimate rights and interests of workers, said some deputies to the annual session of the Seventh National People's Congress (NPC).

During group discussions on the draft trade union law today, many deputies pointed out that there are indeed some enterprises which do not pay enough attention to the legitimate rights and interests of their workers and do not even respect them.

While protecting the interests of workers, Deputy Wu Bangguo, secretary of the Shanghai municipal party committee, said the trade unions should take into consideration both long-term and short-term interests and they should also undertake to provide guidance and education to their members.

When the current employment system is reformed, he noted, some workers will have to lose their jobs and the trade unions are obliged to make these workers see that the purpose of the reform is to raise labor productivity and economic efficiency of their enterprises.

Ling Yunzhi, a deputy from Guangxi Zhuang Autonomous Region, pointed out that the draft trade union law is enterprise-oriented. However, he said, there are also trade unions in government institutions and other institutions, which are different in nature and status from those of enterprises, and the trade union law should make a clearer distinction among them.

During the discussions, many deputies held that the draft trade union law stipulates more rights than obligations for trade unions.

They also discussed whether or not the retired workers should remain members of the trade unions, whether or not employees of private enterprises should be organized into trade unions and the functions of trade unions in foreign funded enterprises.

#### Ding Guangen At NPC, CPPCC Get-Together

*OW2803065992 Beijing XINHUA Domestic Service  
in Chinese 1442 GMT 27 Mar 92*

[Text] Beijing, 27 Mar (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference [CPPCC] and the United Front Work Department [UFWD] of the CPC Central Committee today invited Hong Kong and Macao deputies and CPPCC members attending the Fifth Session of the Seventh National People's Congress [NPC] and the Fifth

**Session of the Seventh CPPCC National Committee to the UFWD auditorium for an evening party.**

Ding Guangen, alternate member of the CPC Central Committee Political Bureau, member of the Secretariat, and head of the UFWD; Peng Chong and Lei Jieqiong, vice chairmen of the NPC Standing Committee; and Hong Xuezhi, Gu Mu, Wang Guangying, and Cheng Siyuan, vice chairmen of the CPPCC National Committee, attended the party.

On behalf of the CPPCC National Committee and the UFWD of the CPC Central Committee, Hong Xuezhi thanked the Hong Kong and Macao deputies and CPPCC members for contributing their ideas for revitalizing China and reunifying the motherland. He said: In the new year, we face a more glorious but arduous task. We must seize the present good opportunity to accelerate the reform and opening up and concentrate our efforts on developing the economy.

Literary and art workers from the capital staged brilliant theatrical programs at the party. Deputies and CPPCC members attending the party also gave impromptu performances.

Responsible persons of the central state units, relevant departments, various democratic parties, and the All-China Federation of Industry and Commerce also attended the party.

#### **Chen Jinhua, Li Lanqing on Trade, Reform, GATT**

*HK3103063092 Hong Kong WEN WEI PO  
in Chinese 27 Mar 92 p 4*

[Dispatch from Beijing by staff reporters: "Chen Jinhua, Minister at the State Commission for Restructuring, and Li Lanqing, Minister of Foreign Economic Relations and Trade, Answer Reporters' Questions (full text)"]

[Text] Beijing, 26 Mar [WEN WEI PO]—Chen Jinhua, Minister at the State Commission for Restructuring, and Li Lanqing, minister of foreign economic relations and trade disclosed at a press conference today that China's import volume will exceed \$300 billion during the Eighth Five-Year plan period. The Ministry of Foreign Economic Relations and Trade is currently devoting efforts to perfecting the import and export management system and will fully estimate the bearing capacity of workers and staff members during the course of enterprise reform.

The following is the full text of the questions and answers at the press conference.

#### **Li Peng's Report Adheres to the Remarks of the Reserved Mr. Deng**

[AMERICAN BROADCASTING COMPANY] Mr. Deng Xiaoping once suggested that those who fail to expedite and adapt themselves to reform had better step down. How do you, then, evaluate the work performance

of Premier Li Peng so far? Do you think he is among those bold reformists and should remain in his present post?

[Chen Jinhua] In my opinion, Premier Li Peng's work performance in the past as well as his government report this time have all adhered to Deng Xiaoping's thesis on building socialism with Chinese characteristics. His accomplishments, no matter whether in reform, economic improvement and rectification, and reform, are universally acknowledged.

[Japanese reporter] Why did Premier Li Peng not mention the "leftist" danger in his government report?

[Chen Jinhua] We believe that during the course of economic structural reform and China's reform and opening up, the "left" danger mainly refers to remarks that reform and opening up virtually introduces and develops capitalism and that the danger of peaceful evolution mainly comes from the economic field. This remark does not tally with reality. The main criterion for judging reform and opening up is whether or not it is beneficial to developing China's socialist productive forces, bringing greater progress to China, or improving the living standards of the people. Premier Li Peng has solemnly propagated this ideology in a positive way.

[CHINA INTERNATIONAL BROADCASTING STATION] Talks on market access between China and the United States have been underway for a long time. What concrete measures is China going to adopt on the issue of opening its market and expanding imports?

[Li Lanqing] It is our general policy to, under the prerequisite of maintaining a certain amount of foreign exchange reserves, keep a balance between imports and exports. Of course, exports may exceed imports at times. However, the general trend, or the general policy, is to maintain a relative balance between the two. During the Eighth Five-Year Plan period, the total import volume, I believe, will exceed \$300 billion. This is a huge figure. Although it has a strong appeal to foreign businessmen, this figure does not mean that our import management system has become perfect. At present, we are devoting efforts to further improving the import and export management system so that management methods in this field do not only suit China's realistic condition but also conforms to international practices and standards.

[Yugoslavian reporter] Vice Premier Zhu Rongji indicated at yesterday's group discussion that in order to make a success of reform, all departments are required to practice self-denial. Has Deng Xiaoping ever required Premier Li Peng to practice self-denial?

[Chen Jinhua] China's economic restructuring is in progress at a rapid pace, so all governmental organs, including myself, should try hard to adapt ourselves to this situation and change our old concepts and ideas. We should also make some corresponding changes to the functions of our work so as to bring about greater success to reform.

**Sino-CIS Trade Has Great Potential**

[CHINA CENTRAL TELEVISION STATION] After the disintegration of the Soviet Union, what adjustments will China make in its economic and trade relations with various states of the former union?

[Li Lanqing] I spoke of this issue at a previous press conference. I had, and still have, the view that great potential exists for trade between China and the former Soviet Union. Although the Soviet Union no longer exists, the former Union republics continue to have their own objectives; therefore, we can say that China's economic and relations and trade with various CIS member states are making good progress.

We have already sent commercial representatives to all these countries. Both sides have expressed a willingness to vigorously promote bilateral relations and to attain satisfactory practical results.

[SOUTH CHINA MORNING POST] Last year, the Ministry of Foreign Economic Relations and Trade stood in the forefront of economic reform; for example, its newly released measures on abolishing subsidies on exported goods, and the move to grant greater autonomy to foreign trade companies. Now many Chinese economists believe that trade reform will inevitably bring along reform in other economic fields. Do both of you agree to this viewpoint? Do you believe that progress in the trade field can serve as a medium for other economic fields?

[Li Lanqing] A major breakthrough in foreign trade restructuring last year was that we abolished subsidies on exported goods and granted great autonomy to foreign trade companies. These will surely play a positive role in our efforts to further reform throughout the economic system. However, our economic restructuring is an inter-related system project. Economic restructuring in other fields will produce a certain impetus on foreign trade, while foreign trade restructuring will also exert certain influence on other fields.

[Chen Jinhua] I agree with Minister Li. In carrying out enterprise reform, China advocates an independent management system whereby enterprises should assume full responsibility for their profits and losses. Foreign trade enterprises are now advancing toward this goal and that is why we achieved the greatest results in reform last year.

[Taiwan Broadcasting Station] Trade and commercial exchanges across the Taiwan Strait are becoming increasingly closer. Has China ever considered signing a treaty for the protection of trade and investment across the Strait? What are the present policies on this issue?

[Li Lanqing] A treaty for the protection of mutual investments is one signed between the governments of two countries. Therefore, it is clear to all what the obstacle is on this issue. However, this does not affect

our protection for Taiwan investments. We have unilaterally promulgated a number of preferential and protective measures for Taiwan businessmen's investment in China.

[WORKERS' TIMES] China plans to intensify reform this year by carrying on structural reform in employment, housing, and the medical system, which all have a bearing on the immediate interests of workers and staff members. Do you think China's workers and staff members have the capability to bear all these reforms? What measures should the government improve so as to reduce to the minimum the impact of the above reforms on society?

[Chen Jinhua] The central government is very concerned about this issue. At present, one prominent problem is that some of our enterprises are plagued by poor economic returns and some have even become economic losers. Many reasons account for this situation, including low work efficiency and excessive social responsibilities which should not be shouldered by enterprises. This is a serious problem. To further enterprise reform, we aim to transform their management mechanism and gradually relieve enterprises of some undue social burdens. In our efforts to carry out structural reform in the housing and medical systems, as well as help settle down some surplus personnel, we have taken into account what workers and staff members are capable of bearing. We have to take the overall situation into consideration in order to find a sound solution to this problem. When we group these hot spots together while fully estimating the most people are able to bear, we have suggested that this problem should be solved by the state, units, and individuals. We should devote major efforts to promoting tertiary industries, raise salaries accordingly, and adopt various means and measures so that our enterprises can transform their internal mechanism, allowing our workers and staff members to be assured of a stable life in a stable society. In addition, our medical and social guarantee systems also need to undergo corresponding reform.

[Reporter] Nowadays, people are talking about opposition to the "left"; however, it sounds quite abstract. Could you give us a concrete idea on the "leftist" trends which have emerged during structural reform, the actions you have taken to strike back these "leftist" trends, and on whether or not there is need for a reshuffle.

[Chen Jinhua] The "leftist" trends during the course of reform and opening up mainly refer to those remarks claiming that reform and opening up virtually introduce and develop capitalism, and that the major danger of peaceful evolution comes from the economic field. These remarks do not tally with China's real situation since China began to carry out reform and opening up. By having enterprises that cooperate with foreign countries in various forms, Shenzhen and other special economic zones have proved themselves well-suited to the interests of our country.

**Protection for Intellectual Property Rights Have Undergone Great Development**

[MONDE FRANCAIS] In the coming years, what major differences are there, if any, between your policies and those pursued by Zhao Zhiyang in the past?

[Chen Jinhua] In our efforts to carry out economic structural reform, we have persistently pursued the theory advocated by Comrade Deng Xiaoping on building socialism with Chinese characteristics, as well as the basic line of one center and two basic points. We have always followed this line.

[SCIENCE AND TECHNOLOGY] On 17 January this year, China and the United States signed a Memorandum of Understanding on the Protection of Intellectual Property Rights. Could you give us a briefing and evaluation on the influence of this Memorandum on China's protection of intellectual rights, as well as on future Sino-U.S. economic relations and trade?

[Li Lanqing] Over the past several years, China's protection of intellectual rights has undergone great development. We have promulgated the "Patent Law" and the "Copyright Law" to protect patents and copyrights in many fields. Since ours is a developing country and it takes time for us to perfect our protection of intellectual rights, a gap exists between our present work and what some other countries require us to achieve. This is an issue we talked about during the negotiations. The agreement reached during negotiations on the basis of mutual benefit and concessions will prove beneficial to the interests of our two countries and two peoples. Moreover, this agreement also serves to be a positive factor for China and the United States to settle their conflicts on other issues.

[ECONOMIC DAILY] Has China met any obstacles in trying to resume its position in GATT? If yes, where do are obstructions coming from? In what way will China readjust its tax system and import and export system in order to coordinate with GATT?

[Li Lanqing] We have, needless to say, encountered obstacles. If not, our position in GATT would have resumed long ago. These obstacles will be removed through our talks with signatory states as well as through understanding and consultation. At a meeting held in February this year, the Chinese working group formally announced that talks have begun on resuming China's protocol, thus putting an end to the protracted examination and discussion on China's economic and trade systems. This represents a significant breakthrough. Premier Li Peng has made it clear on many occasions that after China's position in GATT has been resumed, China will not only enjoy the deserved rights of signatory states, but will also fulfill its duty-bound obligations. Under this principle, we need to make further reforms of our trade structure and system.

**Nongovernmental Trade Will Not Be Affected Even Though Diplomatic Relations Have Not Been Established**

[Korean reporter] The trade volume between China and South Korea may reach \$10 billion this year. However, because they have not yet established formal diplomatic relations and although they have sent trade representatives to each other, the two sides will find it very difficult to further expand bilateral trade relations. What is your view on this issue?

[Li Lanqing] Undoubtedly, some difficulties will arise in bilateral trade if the two sides have not yet established diplomatic relations. However, both sides are very wise and will find some way to solve this problem. For example, although they have not signed any formal trade treaty, the two governments have recognized bilateral trade treaties reached between nongovernmental organizations such as Korean Trade Rejuvenation Society and China's International Trade Promotion Association. These trade treaties have legal effect. In addition, although there are no official trade representatives, both sides have sent representatives of nongovernmental organizations each other's capital. Facts have shown that thanks to the support of the two governments, bilateral trade will not be affected simply because there are no diplomatic relations. It represents major progress that this year's trade volume is expected to reach \$10 billion.

[Mexican reporter] What is China's view on the establishment of a free trade zone in North America by the United States, Canada, and Mexico? Do you think this free trade zone will be unfavorable or favorable to China's interests?

[Li Lanqing] Every country can set up various special economic zones and free trade zones in light of their own development needs, and such zones can play a positive role in promoting mutual trade. I do not think that the establishment of the free trade zone by Mexico is going to affect China.

[REUTERS] Will you give a detailed description on China's situation of intensifying reform? For example, how many workers are there who have lost their jobs in poorly operated enterprises? Among them, how many can find new jobs in other enterprises? And what concrete steps will China take in the coming 12 months to further carry out structural reforms in prices, housing, and the medical system?

[Chen Jinhua] In the future, we will focus our reform on enterprise reform, which aims to transform the management mechanism of enterprises, allow them to have full autonomy over their own operational affairs, and enable them to successfully enter the market. During the course of transforming the management mechanism of enterprises, we will try to enhance work efficiency and, as a result, there will be surplus personnel. The number of these surplus personnel is not a big figure; only accounting for 2 or 3 percent of the country's total. We surely have the ability to solve this problem inside our

own enterprises and their localities through promoting tertiary industries and various other means. If we cannot find suitable working posts for them, we can use the job-awaiting insurance system to guarantee their basic life. Secondly, we will center our efforts on enterprise reform and readjust means of macroeconomic control and regulation. Take price reform for example: We have recently carried out reform on the selling prices of grain, thus making the purchase and sale prices identical. We also need to readjust the original low prices of products of a number of capital industries, such as oil, coal, and transportation, which were unfavorable to the rationalization of price relations. Third, while making macroeconomic readjustments by using economic levers, we should also carry out reform on the social guarantee system, including the medical and housing systems. We plan to grasp housing reform as one of this year's key tasks. Some 110 million square meters of houses were built in townships and towns last year, and more will be built this year. We will start housing reform in townships and towns this or next year, which will help alleviate difficulties in finding residential houses in urban areas. Fourth, in order to coordinate with all these structural reforms, the governments at all levels should change their function and role, that is, they should refrain from interfering too much into the production and operations of enterprises so that enterprises can successfully transform their internal mechanism, become energetic and active, adapt themselves to the needs of the market and consumers, and activate all economic life.

#### Guiding the Growth of the Capital Market

[FINANCIAL TIMES] What kind of an impact will monetary structural reform produce on overall economic structural reform? Do you have any new conceptions on the recent monetary structural reform?

[Chen Jinhua] The monetary structural reform constitutes an important part of reform of the macroeconomic control and regulatory means of China's economic structure. China's monetary restructuring includes increasing enterprise bonds; issuing monetary bonds and various internal stock of enterprises; perfecting the organizational system, rules, and regulations of the intermediate market at an early date; and setting up a fair, highly efficient, and open monetary market. The national bank will gradually adopt a method which combines the on-the-spot management of credits [dai kuan xian guan li 6313 2949 3807 4619 3810] and the debt-equity ratio. This year, banks will use the comprehensive monetary system to support townships and towns making structural reforms in savings deposits, loans, and house mortgages. Meanwhile, stock exchanges in Shanghai and Shenzhen are expected to expand their business and coverage, and list stocks that have been listed in other places. We will also give play to the functions of the government and rely on various rules and systems to guide and standardize the growth of the capital market.

#### Political & Social

##### Deng Said To Regain 'Control Over Propaganda'

HK3103032992 Hong Kong SOUTH CHINA MORNING POST in English 31 Mar 92 p 1

[By Willy Wo-lap Lam]

[Text] The power struggle being waged in Beijing has taken a dramatic turn, with China patriarch Mr Deng Xiaoping putting his case for radical reform directly to the people.

Frustrated that bureaucrats and central planners in the State Council are watering down his reform initiative, Mr Deng has ordered the national media to broadcast his instructions on no-holds-barred economic liberalisation directly to the 1.14 billion mainlanders.

As a lead item in yesterday's CCTV [China Central Television] evening news, a newsreader read out excerpts of a 10,000-character account of Mr Deng's trip to Shenzhen in January, which first appeared in the SHENZHEN SPECIAL ZONE DAILY [SHENZHEN TEQU BAO] last Thursday.

The report, which lasted eight minutes, carried Mr Deng's instructions on faster reform and economic growth and on Guangdong having to catch up with the Four Dragons of Asia in 20 years.

The patriarch also called on Shenzhen cadres to "accelerate development" and learn from capitalism, saying that "one should not be afraid to make mistakes".

The same newspaper article was broadcast on national radio and relayed by the NEW CHINA NEWS AGENCY. It was splashed on the front pages of the BEIJING DAILY and the GUANGMING DAILY, another newspaper based in the capital.

The unprecedented media barrage signals the success with which the Deng faction has imposed its line on the leftist-controlled ideology and propaganda departments.

While details about Mr Deng's trip to Shenzhen, Zhuhai and Shanghai early this year were widely reported first in the left-wing press in Hong Kong and later in newspapers in Guangdong and Shanghai, the Beijing-based media had, until yesterday, followed instructions from hardliners to boycott the patriarch.

On March 1, the Communist Party Central Committee issued Document No 2, which contained excerpts of the instructions given by Mr Deng in the south.

But hard-liners in the ideological and propaganda departments have restricted circulation of the document and excised the patriarch's direct criticism of the leftists.

"Deng has regained control over propaganda, a crucial sign of the ascendancy of his faction," an outspoken

member of the Chinese People's Political Consultative Conference told the SOUTH CHINA MORNING POST last night.

Another Chinese source said: "Through the media, the patriarch is mobilising people power, calling on the populace to exert pressure on those bureaucrats who are still dragging their feet."

In reports delivered at the National People's Congress (NPC) in the past 10 days, State Council leaders including premier Mr Li Peng, vice-premier Mr Zou Jiahua and Finance Minister Mr Wang Bingqian took a generally cautious approach to development and reform.

While paying lip service to the "Deng Xiaoping line", the planners indicated the economy should only expand by six percent and that macro-economic control would be strengthened even as selective experiments were being made with market mechanisms.

Most importantly, none of the three mentioned a need to combat leftism or Maoist influences, which was a key point raised by Mr Deng.

PEOPLE'S DAILY [RENMIN RIBAO], the mouthpiece of the party Central Committee, has still refused to give adequate coverage of Mr Deng's reform blitz.

And while the paper's director, Mr Gao Di, a well-known leftist, has openly criticised Mr Deng for fomenting "thought confusion", the Deng faction has failed to remove him from office.

Mr Deng has also failed to sack propaganda chief Mr Wang Renzhi and acting Culture Minister Mr He Jingzhi, who are responsible for sabotaging his reform initiative.

#### Deng's Recent Talks Reportedly Relayed Broadly

*HK3103093992 Hong Kong HSIN WAN PAO  
in Chinese 31 Mar 92 p 1*

[*"Special Dispatch": "Deng Xiaoping's Talks During His Trip to Southern China Relayed to Government Organs and Schools on Chinese Mainland"*]

[Text] Beijing 31 Mar (HSIN WAN PAO)—Deng Xiaoping, who enjoys the highest prestige in China, made an inspection tour of Wuchang, Shenzhen, Zhuhai and Shanghai at the turn of last January and February, and aired his views of far-reaching historical significance on a series of important issues regarding China's reform and opening. The essence of Deng's talks during his recent southern inspection tour were officially disclosed in the news coverage of the CPC Political Bureau full session in mid-March. In his talks, Deng Xiaoping stressed the CPC basic line of "one center, two basic points" will remain unchanged for a hundred years; it is necessary to grasp the favorable opportunity at present to accelerate reform and opening; currently, it is necessary to guard against "rightist" tendencies, but the more so to prevent

"leftist" interference; it is imperative to further emancipate the mind, and focus energy and efforts on making economic construction come up.

The essence of Deng Xiaoping's talks have promptly roused heated discussion and great interest from top to grass roots across China since they were openly revealed in the press nationwide. Currently, study and discussion of the talks are being organized in all party, government and military organs, enterprises, organizations, and schools. In essence, the Fifth Session of the Seventh National People's Congress [NPC] under way in Beijing is a session to earnestly implement the spirit of Deng Xiaoping's recent talks. Chinese diplomatic circles believe Deng Xiaoping's talks will not only push China's economy to one new plane after another in faster and more steady steps, but will also widen China's all-directional diplomatic work, so that China may play a still greater role in safeguarding world peace and promoting world economic development.

In the course of implementing its multi-directional foreign policy, China will continue to take consolidating and strengthening friendly cooperative relations with the Third World countries as the basis, and improving and developing good-neighborly relations with peripheral countries as the key.

Deng Xiaoping has recently called on the people nationwide to boldly absorb and refer to the results of all civilizations created by human society, absorb and refer to the advanced managerial and administrative ways of all countries, including Western advanced countries. He criticized the argument whether the surname is "capitalist" or "socialist," while indicating that both planning and the market are economic means. Beyond doubt, Deng Xiaoping's statements will further push China to develop relations in all arenas with all countries, especially Western developed countries. No wonder some Western commentators said, China has started a new upsurge in reform and opening; beyond doubt, it is a sort of encouragement to Western countries, and of positive significance to improving China's relations with Western countries.

Noteworthy is the fact that China often meets some resistance in developing relations with Western countries. A major cause for such resistance lies in the fact that some Westerners have always interfered with China's internal affairs under all sorts of pretexts. In handling relations with Western countries, China has always advocated developing friendly cooperative relations in all arenas on the basis of seeking common ground while reserving differences, mutual respect, non-interference in each other's internal affairs, equality, and mutual benefit. Although Deng Xiaoping's talks will stimulate China to develop her relations with Western countries in a more active attitude, China will never barter away such major principles as national dignity, people's interest, and national sovereignty. On this point, some Westerners should not miscalculate.

Deng's talks call on everyone to further emancipate his mind regarding reform and opening up, be bolder with larger steps. This will also affect diplomatic work. In January, China quite unexpectedly established diplomatic relations with Israel. Observers here estimate that it will not be too far away for China to establish diplomatic relations with South Korea, and the development of Sino-South African relations will also gradually quicken its pace. South Korean foreign minister is to visit China next month, as Qian Qichen disclosed at a press conference not long ago. Although Qian did not explicitly tell reporters, neither did he deny that the two sides will discuss issue on establishing diplomatic relations.

In a nutshell, Deng's talks will activate China's diplomatic work. Because diplomatic workers have further emancipated their minds, China will make larger strides in her diplomatic moves, and the arenas of foreign exchanges will be greatly widened.

#### Writer Supports Deng's View on 'Leftist' Harm

HK3003141092 Hong Kong MING PAO  
in Chinese 30 Mar 92 p 6

[“Special Interview During NPC and CPPCC Sessions” by staff reporter Huang Han-chun (7806 3352 6511); “Noted Writer Feng Jicai Says Deng Xiaoping’s View on Primary Need to Guard Against Leftism Strikes at Heart of Literary and Arts Circles”]

[Text] The “Deng whirlwind” whipped up by Deng Xiaoping this spring has spread from the south into the capital and created an enormous impact among intellectual circles there.

In particular, members of the literary and arts circles who have long been kept prisoner in the tightly-controlled “fortress” of the conservatives are greatly inspired and could want nothing more than to ride on this whirlwind and storm out of their cages. At the just-concluded CPPCC session, not a few members of literary and arts circles bravely came forward to hurl severe criticisms at the various “leftist” influences in China’s literary and arts domain.

A principal member of this “anti-leftist” army from the literary and arts circles is Feng Jicai [7458 7535 2088], presently vice chairman of the China Federation of Literary and Art Circles as well as vice chairman of the Central Committee of the China Association for Promoting Democracy.

Feng Jicai is one of the young writers to emerge in the literary field since the Third Plenary Session of the 11th CPC Central Committee, that is, the early period of reform and opening. In an interview with this reporter recently, he noted: A number of Chinese writers, myself included, are keenly concerned with the destiny of China’s reforms. Because China’s reforms cover all aspects of economics, society, politics, and the changing concepts of the people, writers have to express their

support of reforms from their own perspectives as well as from the depths of personal understanding of the events with which they are familiar.

#### Executive Vice President of the Federation of Literary and Art Circles, Key Member in Anti-Leftist Army

Feng Jicai said: The call for further reform and opening up as expounded by Deng Xiaoping during his southern tour was very incisive. Especially his contention that the primary need is to guard against “leftism” struck at the heart of contemporary problems. He maintained that the problem of “leftism” in the mainland’s literary and art circles is manifested mainly in the following ways:

First, it is manifested in the management of literature and the arts. Feng Jicai noted that changes in any ideology cannot be separated from those changes going on in the economy. In the past, the management of literature and arts in China has always been tied to the planned economy. For instance, in the management of an opera troupe, funds were allocated by the state, while the wages of the actors also came from the state. However, as the commodity economy gradually seeped into the field of literature and arts in recent years, audiences are also making choices on artistic works based on their own tastes. The result is the neglect of some traditional art forms like Beijing opera by the younger audience and consequently, their gradual decline. Therefore, the management of literature and arts should also be reformed in line with the laws of the market economy or it will end up in a blind alley.

#### “Cultural Revolution” Methods No Longer Relevant

Feng Jicai stressed that reform does not mean simply destroying something which used to be good. That was the method employed during the “Cultural Revolution.” Reform should mean the replacement, not abolition, of something which could no longer adapt to new situations, new problems, and new trends by some new methods.

He also contended that the culture of any country comes in the “form of a pyramid,” with the top of the pyramid constituting the paramount cultural standards of the country. For instance, some pure art forms like ballet, symphony orchestra, dance ensemble, and national opera and drama, fall under this category. So the state should spend money to protect this quintessence of its culture by bestowing the artists with lofty social honors, generous treatment, and high salaries. Meanwhile, popular culture should be placed in the cultural market to let the audience make their choice, allowing the good ones to survive and the poor ones to be eliminated through a natural process.

He said: In China, the two different types of culture are pitted against each other at the moment, forcing artists and perpetrators of popular culture to compete with one another in the commercial market, and thus dealing a heavy blow to many artists. This is not appropriate. The

state still has not come up with a new set of reforms in the management of literature and arts.

#### **Literary and Artistic Criticism Is Not Bad in Itself, But Should Not Be Used to Persecute People**

Second, "leftism" is reflected most seriously in the so-called "rectification on one hand, and prosperity on the other hand" of recent years. Feng Jicai noted: This "leftist" element is reflected principally in the criticisms of literary and artistic works. He maintained that criticism of literature and arts is actually not a bad thing and is in fact quite lively in Western countries. However, the crux of the problem lies in the need to separate such criticisms from political persecution. Criticism of literature and arts should be positive and lively, and it should be directed at the works, and not the person.

However, much literary and artistic criticism in China today is directed not at the works but at the persons behind the works. Feng Jicai believed that the recent upheaval caused by the Wang Meng's short story, "Hard Thin Gruel," was one such typical example. He added: He personally considers "Hard Thin Gruel" to be a very "interesting" work which uses humor to portray a society where differing opinions arise once reform and opening up has been carried out to a certain extent. It also has a strong social content in its vivid depiction of the helplessness, persistence, and enthusiasm of the people. However, some people's assertion that it was an attack of the reform and even of Deng Xiaoping is simply too ridiculous. This kind of attack is obviously intended as a malicious frame-up.

#### **Siege on Wang Meng's Work Causes Panic in Literary and Arts Circles**

He went on to describe the siege of "Hard Thin Gruel" by the Beijing papers as a "joint effort to boil the hard thin gruel." The result was to sow panic among members of literary and arts circles, with everyone sensing a kind of invisible pressure and a restriction to the emancipation of the mind. Writers no longer dare to display their abilities to recognize, understand, and visualize social problems. He believed that this was in effect a repeat of the great criticism conducted during the "Cultural Revolution." However, that this event did not lead to greater upheaval in political and theoretical circles should be regarded as a big stride forward.

On the other hand, Feng Jicai also expressed his disapproval of the "main theme" proposal being advanced in literary and arts circles at the moment. The reason was that Mao Zedong had already spelled out the "double hundred policy" (that is, the policy of letting a hundred flowers bloom and a hundred schools of thoughts contend), a policy which contributes to the development of literature and arts. Hence, it was not necessary to present any new slogans.

#### **Theory of "Main Theme" Curtails Growth of Arts**

He contended that the "main theme" theory virtually classifies writers into categories three, six, and nine based on the issues of their concern and the content of the events with which they are familiar. This is extremely absurd. Citing Chinese classical works like "The Dream of the Red Chamber" and "Journey to the West" as examples, he asserted that while these two novels may not have featured the principal themes of society during their times, they have become immortal works because of their superior artistic standards. Consequently, the "main theme" proposal has created a kind of restriction to the entire development of literature and arts; it is in fact a philistine proposal.

Feng Jicai laughingly said: "I do not understand why anyone should raise such a theory. Perhaps he thinks himself to be wiser and greater than Mao Zedong!" He went on: Looking at the development in China in recent decades, whenever Mao Zedong's "double hundred" guideline was well-implemented, literature and the arts would flourish and prosper; when the policy was not carried out, they would grow lusterless and stagnant. Meanwhile, the absence of a zeal for creation in literature and the arts during the last two years is largely connected to the excessive emphasis on the so-called "main theme" proposal.

Furthermore, Feng Jicai maintained that the "leftist" influence in literary and arts circles is also exhibited in the nonofficial organizations of the artists' federation. He revealed that recent elections at five artists' federations in the capital took the form of nominations by the upper hierarchy and unquestioned approval by the lower level, something which was not even done during the "Cultural Revolution." He said angrily: "What was the reason for this? Was it not intended to have the people they designate get elected! This is all due to the desire for some kind of leadership power, but of what significance is that bit of power in literary and arts circles anyway?"

#### **Power Struggles Among Officials in Literary and Arts Circles Meaningless**

He maintained that henceforth, China should set up an organization for officials of literary and arts circles so that these people can join this organization to become officials exclusively or for those artists who want to become officials to go there and be given official assignments, with cars and secretaries designated by the state. They should not try to lord it over literary and arts circles.

Feng Jicai said: "My view has always been this: Officials in literary and arts circles are officials with 'singing parts.' When their turn to sing comes along, they can wear their costumes and mount the stage to sing their parts, but they should also leave the stage and take off their costumes once their parts are over. What you care about is your work and what the people look for about you is also your work. No one cares to look at your costumes!"

He said emotionally: Unfortunately, literary and arts organizations in China have in recent times become the battleground of power-seeking, power-struggling people. This is a great malaise of literary and arts circles.

However, Feng Jicai is not at all pessimistic about the future prospects of the growth of China's literature and arts. He said: China is no longer the China of Mao Zedong's times and nothing can be decided by one single person. This is indeed social progress. Today, no one can change or decide the destiny of China through a single statement, but one thing is true: "As long as what you say conforms with the interest of the people, you will be able to affect the destiny of China." He maintained that Deng Xiaoping's remarks about further reform and opening up could influence the destiny of China because it complies with the thinking of the Chinese people, hence he will have the support of the people. Change is just a matter of time.

#### Feng Jicai Is Not Pessimistic About the Prospect of Growth in Literature and Arts

Nevertheless, he stressed: One cannot be "casually optimistic" about things in China. While he is confident of the future, he is also convinced that the reform will not proceed without some twists and turns.

After listening to Feng Jicai, this reporter seemed to see a bright tomorrow for China's literary and arts circles. However, when will the enormous wave of reform stirred up by the "Deng whirlwind" overwhelm the "rigidly guarded" fortress of the conservatives?

#### Judicial Head on 'Severe' Pro-Democracy Sentences

HK3103033292 Hong Kong SOUTH CHINA MORNING POST in English 31 Mar 92 p 10

[By Kent Chen]

[Text] A senior Chinese judicial official, Mr Liu Fuzhi, admitted yesterday that sentences passed on pro-democracy activists shortly after the 1989 June 4 crackdown were "severe".

He also said the procuratorates and courts would handle suggestions from public security and reformatory organizations for the reduction of individual prisoners' jail terms without delay.

Mr Liu, the head of the Supreme People's Procuratorate, said penalties given out immediately after the June 4 crackdown had to be stiff because the situation was tense then and stern action was necessary.

But, he added, the situation had now stabilized and it was the Government's long-standing policy to treat leniently those who showed repentance.

Mr Liu told reporters covering the National People's Congress that formalities for the release of Hong Kong residents Lai Pui-shing and Li Long-ching would be

completed quickly if the Ministry of Public Security recommended their early release.

Public security chief Mr Tao Siju said in Beijing on Sunday [29 March] that the early release of Lai and Li was under consideration after they showed repentance in prison.

The two are serving prison terms in Guangdong for the alleged crimes of providing sanctuary to leaders of the pro-democracy protests.

Hong Kong-based human rights lobbyist Mr John Kamm, said yesterday Mr Tao's hints about the early release of the pair could be a sign of more positive developments in the next few weeks.

"There have been a few other indications in recent weeks that we might see some additional releases in the near future," said Mr Kamm, who will leave for Beijing on Sunday [4 April] for discussions with Chinese officials on ways to improve U.S.-China relationships, including human rights.

A vice-chairman of the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, Mr Mak Hoi-wah, said the release of the Hong Kong pair was not enough.

Mr Mak said the alliance would continue to press for the freedom of all activists jailed in relation to the June 4 massacre.

The alliance will hold a wreath-laying ceremony for the victims of the 1989 massacre near the Cultural Centre in Tsimshatsui on Saturday to coincide with the Ching Ming Festival, when the Chinese traditionally pay tribute to their ancestors.

#### Tiananmen To Be Off Limits Before Anniversary

HK3103101992 Hong Kong AFP in English 1013 GMT 31 March 92

[Text] Beijing, March 31 (AFP)—Tiananmen Square will again be off limits with the approach of the anniversary of the 1989 pro-democracy movement, Public Security Minister Tao Siju said here Tuesday.

Tao said security measures would be put into place starting Sunday when Chinese, in observance of the Qingming festival, traditionally sweep the graves of the deceased and lay wreaths in their memory.

"If we are careless, problems could easily arise," he told reporters at the Great Hall of the People, where parliament is currently in session.

The minister said Beijing residents would be prevented from laying wreaths on Tiananmen Square, the focal point of the student-led democracy movement that was crushed by the army on June 4, 1989, leaving hundreds dead.

Patrols would also be dispatched to Babaoshan Cemetery in the capital's western suburbs to maintain public order, Tao said, adding that circulars had already been issued to police units.

"It's not so common to go to Tiananmen Square (to lay wreaths), except in a special climate," he said in an apparent reference to 1989. "This year I expect it will not be allowed."

"Young people now have increased their knowledge on some issues," Tao said. "So-called democracy and freedom must have a material foundation. If there is no foundation, then it's useless to talk about greater democracy and freedom."

"Therefore, we must build democracy and rule by law step by step along with economic construction."

The 1989 movement was triggered by the April 15 death of reformist communist party leader Hu Yaobang and quickly snowballed into demands for greater freedom and an end to official corruption.

April and May are sprinkled with sensitive anniversaries that evoke the 1989 movement and security was stepped up during the two-month period last year and in 1990.

Students at Beijing University have staged small demonstrations on campus in the last two years to mark the June 4 crackdown.

#### **Reportage Views Recent CPPCC Session**

##### **Tibet Delegate Defends Human Rights**

*OW3003234392 Beijing XINHUA Domestic Service  
in Chinese 0318 GMT 29 Mar 92*

[Text] Beijing, 29 March (XINHUA)—At the closing ceremony of the Fifth Session of the Seventh National Committee of the People's Political Consultative Conference [CPPCC] held on 28 March, Member Soinam Norbu delivered a speech on the human rights issue in Tibet on behalf of more than 20 CPPCC Committee members, including Pagbalha Geleg Namgyai, Sengqen Lozong Gyaincain, Samding Doje Pamo, Gying Puncog Cedain, Yabxi Goinbo Cedan, Lhalu Cewang Doje, Qaba Gaisang Wangdui, and Cedain Zhoima.

The speech noted: Like every other region across the country, Tibet has achieved marked development and progress since the Third Plenary Session of the 11th CPC Central Committee. Social stability reigns in the whole region. In particular, the masses of peasants and herdsmen who account for over 80 percent of the population in Tibet enjoy peace and contentment in their life and work. People of all nationalities stand on equal footing, unite as one, live in harmony, and thus enjoy comparatively great development in economic and cultural activities and in various other fields of endeavor. The Tibetan people have noticeably improved both their material and cultural living standards. The past decade or so was a period in which Tibet enjoyed the fastest

development and the Tibetan people received the most substantial benefits seen throughout the history of Tibet. However, a handful of Tibetan splittist living abroad in exile and certain international forces supporting them act against the tide of history. On the one hand, they infiltrated Tibet, conducted splittist activities, and plotted and stirred up unrest; on the other hand, they lobbied everywhere in the world under the banner of "human rights," trying in vain to internationalize the so-called "Tibetan issue." They pieced together some deliberately concocted material that distorts the facts and harped on hackneyed and stereotyped expressions, to the effect that "human rights have been seriously violated and imperiled in Tibet." This claim had already been thoroughly refuted by the personalities of various circles in Tibet. We want to sternly warn those who harbor ulterior motives that the Tibetan people are the only ones in the world who have the right to speak to the human rights situation in Tibet because they have experienced the two different societies—old Tibet and new Tibet—and therefore have more personal experience than any other people.

The speech noted: On the issue of human rights in Tibet, we want to point out that the Tibetan people could enjoy no human rights whatsoever in the old Tibet under the rule of feudal serf system. The broad masses of serfs and slaves who accounted for 95 percent of the population were subject to ruthless exploitation and oppression and were deprived of the most basic personal freedoms. Such an extremely corrupt feudal serf system is by no means a "traditional nationality culture" and must be abolished. Abolishing the privileges of feudal serf owners to exploit and oppress their serfs was by no means a violation of human rights; on the contrary, it was precisely for the purpose of protecting the human rights of the Tibetan people and enabling them to enjoy such rights that such privileges were abolished. The reactionary clique of the upper strata in Tibet were opposed to democratic reform and launched an armed rebellion in 1959. After they failed, they fled Tibet to live in exile in other countries. Those who trampled on the Tibetan people, deprived them of their human rights, and opposed reform back in those years are now talking big about human rights and even posing as "champions of human rights." Their behavior only serves to expose the hideous features of a cunning hypocrite. Their true purpose is attempting to separate Tibet from China, thereby seeking restoration of privileges they enjoyed in the old days when ruling the Tibetan people. The broad masses of the working people in Tibet already emancipated by liberation and patriotic personalities in all walks of life will absolutely never agree to let these people achieve their ends.

The speech noted: Under the leadership of the CPC and the central people's government, Tibet was peacefully liberated in 1951 and enacted democratic reforms after quelling a rebellion in 1959. Ever since then Tibet has turned over a new page in its history. Serfs of the old days became masters of the new society. For the first time, they enjoyed personal freedoms, as well as the right

to be masters of their own affairs. In 1965, the Tibet Autonomous Region was formally inaugurated. It marked the beginning of the implementation of the rights bestowed by the constitution on the Tibetan people for autonomy in a region inhabited by minority nationalities. Thenceforth, like other fraternal nationalities in China, the Tibetan people embarked on the socialist road of equality, unity, prosperity, and development. This is an everlasting historical contribution by the CPC and the central people's government to social progress and nationality development in Tibet.

The speech pointed out: Profound and earth-shaking changes have taken place on the face of Tibet after construction in the past four decades and, in particular, after implementation of the reform and opening up policy in the past decade or so. Compared to 1952 statistics, Tibet registered a 130 percent increase in gross industrial and agricultural output value, a 260 percent increase in grain output, and an 136 percent increase in the amount of livestock on hand in 1990. The problem of providing the Tibetan people with sufficient food and clothing has been basically solved; and great improvement has been made in providing them with basic necessities—food, clothing, shelter, and transportation. Tibet has enjoyed rapid development of culture, education, public health, and other undertakings. Its people have the right to education, as well as to medical treatment and public health facilities. The excellent and traditional nationalities culture is being carried forward. Per capita life expectancy has increased from 35.5 years in the 1950's to over 65 years. The population of Tibet has also grown from less than 1 million in 1951 to over 2 million, an increase of more than 100 percent. The party's policy on freedom in religious belief has been implemented in Tibet. Over 1,400 temples and places for religious activities have been renovated throughout the region. These buildings will basically meet the needs of the masses of believers for religious activities. The system of autonomy for regions inhabited by minority nationalities is being gradually perfected.

The speech noted: Formulation of the rules and regulations governing autonomy in the Tibet Autonomous Region is under way. The number of cadres of the Zang [Tibetan] nationality account for 66.6 percent of the total number of cadres in the whole region. About 85 percent of the leaders of the autonomous regional party committee, the standing committee of the autonomous regional people's congress, the autonomous regional people's government, and the autonomous regional CPPCC committee are cadres of the Zang nationality and other minority nationalities, while all the principal leading posts of the people's congresses, governments, and CPPCC committees at all levels are held by cadres of the Zang nationality. These facts show that the Tibetan people not only enjoy rights to existence, development, and participation in government and political affairs but also enjoy the expanding right to participate in economic, cultural, and social activities.

The speech noted: Since the peaceful liberation of Tibet, the people's government has attached great importance to the issues of nationalities and religion in Tibet, respected and listened to the views of personalities of the upper strata in nationalities and religious circles, and offered full consultations. As a result, a basic system of political consultation and cooperation under the leadership of the CPC has taken shape. The broad masses of patriotic personalities including intellectuals of minority nationalities, in religious circles, and without party affiliation, who account for over 10 percent of the population of the whole region, have assumed the attitude of being masters of their own affairs and actively discussed and participated in government and political affairs. They have established a relationship characterized by utter devotion and sharing honor or disgrace with the party in the course of the practice of carrying out revolution and construction in Tibet and made important contributions to safeguarding unification of the motherland, opposing splitism, strengthening unity among all nationalities, and building a new socialist Tibet. At present, there are already more than 1,700 patriotic personalities of all nationalities and from all circles who assume various posts. The number shows an increase of 300 percent from that before 1980.

The speech pointed out: The handful of splitists living abroad in exile and certain international forces that back them disregard tremendous development, progress, and changes in Tibet; refuse to recognize the fact that the human rights of the Tibetan people are maintained and protected; and concoct the so-called "human rights issue in Tibet," which in fact is merely an excuse and a pretense for their true purpose of attempting to split China. However, these concocted excuses and pretenses are untenable and not worth refuting. All splitist activities, under whatever banners, are doomed to total failure. Their perverse acts, which swim against the tide of history, have been opposed by people of all nationalities, including the Zang people, in China. Furthermore, more and more people throughout the world have come to see them in their true colors. The fact that the 48th Conference of the UN Commission on Human Rights passed a motion by an overwhelming majority not to put to a vote the draft resolution on the "China/Tibet Situation" fabricated by a handful of Western countries is strong evidence that a just cause enjoys popular support while an unjust cause finds little support.

The speech noted: People of all nationalities and patriotic personalities in Tibet have come to the profound realization from their personal experience during the past four decades that it is the leadership of the CPC that truly cares about human rights in Tibet and that it is the leadership of the CPC, together with the socialist road, unification of the motherland, and unity among all nationalities, that truly brings happiness to the Tibetan people. Only when we have succeeded in resolutely safeguarding the unification of the motherland, maintaining unity among all nationalities, and steadfastly

taking the socialist road under the leadership of the CPC can Tibet have a bright future and the Tibetan people's human rights be truly protected. This is an inevitable historical development in Tibet. It is the choice made by the Tibetan people.

### Gu Mu on Deng's Remarks

*HK3103013992 Hong Kong TA KUNG PAO in Chinese 23 Mar 92 p 1*

[“Special dispatch” by staff reporter Chen Pei-sheng (7115 1014 3932): “Gu Mu Says Deng Xiaoping’s Remarks Will Have Positive Impact on Hong Kong”]

[Text] Beijing, 22 Mar (TA KUNG PAO)—Gu Mu, vice chairman of the Chinese People’s Political Consultative Conference National Committee, was interviewed by the press after attending the Hong Kong and Macao panel meeting as a visitor today. He said: The remarks Deng Xiaoping made during his southern China tour have been playing a positive role in the development of Hong Kong’s economy. This is because Deng Xiaoping’s words carry weight. Hong Kong people can rest assured after hearing his words.

Gu Mu pointed out: Deng Xiaoping’s remarks are actually a summary of the building of the special economic zones [SEZs] over the past dozen years and an affirmation of the state policy for running SEZs and opening coastal cities. This indicates that China’s principle of opening up will not change.

When asked about the possibility of legislation to ensure the continuity of the SEZ policy, Gu Mu said: Some laws have been made so far. If necessary, the work in legislation should move ahead at a pace commensurate with developments in the future. He expressed his hope that Hong Kong will maintain its prosperity and development and said that the state policy toward Hong Kong will not change after it returns to the motherland in 1997, and that Hong Kong will always be a pearl of China and of the Far East.

When asked whether or not there are people who doubt the SEZ policy, Gu Mu said: The central authorities are basically united in their opinion on the SEZs. But for a big country like China, one cannot say that there are no differences of opinion. As to whether Deng’s southern trip was a result of some people opposing the SEZ policy, he said it was not true and that Deng wanted to visit the SEZs on his own accord, not to clarify anything.

### Ye Xuanping Meets Guangdong Delegations

*HK3103024292 Guangzhou Guangdong People’s Radio Network in Mandarin 1000 GMT 26 Mar 92*

[Summary from poor reception] Ye Xuanping, former Guangdong governor and now vice chairman of the Chinese People’s Political Consultative Conference [CPPCC] National Committee met with Guangdong delegation to the current NPC and CPPCC sessions in the Guangdong Room in the Great Hall of the People.

### Economic & Agricultural

#### Liu Guoguang Calls For Increased Economic Reform

*HK3103024092 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0910 GMT 30 Mar 92*

[Report: “Economist Liu Guoguang Says This Year Is Golden Period for Economic Restructuring”]

[Text] Beijing, 30 Mar (ZHONGGUO TONGXUN SHE)—When interviewed by ZHONGGUO TONGXUN SHE, Liu Guoguang, a famous economist who strongly called for intensifying reform two years ago, asserted that Mainland China’s economic structural reform is entering a golden period. He was glad to see that Deng Xiaoping and other central policy-makers eventually accepted and affirmed his proposal for intensifying reform by grasping the hard-won opportune moment. He held that the pressing task of the moment should be the well-coordinated reform of the price, financial, monetary, labor and wage, social security, and housing systems.

Liu Guoguang pointed out: There were many opportunities for China’s reform in 1991, and the authorities did make a great stride in economic restructuring. This was mainly reflected in four aspects. First, a number of major price reform measures were adopted across the board; second, positive results were achieved beyond expectations in the foreign trade system’s reform; third the financial reform’s pace was quickened and the securities market began to operate regularly and became mature; and fourth, a favorable tendency appeared in the reform of the housing, labor, and social security systems.

However, he stressed that many deep-rooted problems in China’s economic life remain unsolved. For example, the economic efficiency is still too low, one-third of the enterprises are still running in the red, no substantial change has been made in the economic structure, and there remains an amazing financial deficit. He pointed out: These problems are still plaguing the central decision-making authorities and the party, government, and enterprise officials at various levels all the time, and are even getting more and more serious. If the settlement of these problems is not included in the reform schedule and if they are not settled in good time, the favorable situation of reform and opening up may not be maintained and developed.

Liu Guoguang said: So far, he has been using every opportunity to stress that the opportunities never come easily and must not be missed and to call for intensifying and accelerating reform.

### Guangdong To Liberalize Grain Prices

*HK3103090592 Beijing CHINA DAILY in English 31 Mar 92 p 3*

[“Guangdong To Remove Grain Price Controls”]

[Text] Guangdong, China's southern economic centre, will make important grain price reforms by lifting government control of the sales price of grain—the first in the country to do so, the Guangzhou-based Yangcheng Evening News [YANGCHENG WANBAO] reported on Sunday.

Starting from tomorrow, Guangdong will go further in reforming its management systems of grain purchasing and retail prices, in line with a local policy of "planning and guiding, opening prices, improving regulation and control and enlivening business."

The newspaper quoted a recent provincial circular as saying that grain purchasing targets set by the State will become only guiding plans, except that grain will still be collected as an agricultural tax.

The provincial price management departments and grain management departments will work out a guiding grain purchasing price before the sowing season begins, while the State continues to set the purchasing prices for other parts of the country.

Basic grain management departments will sign purchasing contracts with farmers according to the State's purchasing plan and prices. The purchasing price will be the same as the market price if the contracts do not set a transaction price; or grain producers and purchasers can decide the prices themselves if there were no contracts signed, the paper said.

As for the selling prices of grain for Guangdong's urban and rural residents, the circular stated that city and county-level grain management enterprises will work out their own prices in accordance with market prices and report the prices to local price management administrations for the record.

Guangdong residents can buy grain from State-run grain shops or on the open market.

That eliminates the need for grain coupons, supplied by the State to urban residents in limited quantity. But the coupons have been basically unnecessary in the coastal province for some time because of the availability of rice on the open market.

However, State subsidies for cadres and urban workers will remain at last year's level and grain shops will keep the grain ration cards for urban residents to guarantee regulation and control of the grain market by the local government and to keep grain prices stable, according to the evening newspaper.

The circular asked local governments to store at least one billion kilograms of grain to regulate market demand and supply and stabilize grain prices, the newspaper said.

And State grain management enterprises, which will begin independent business accounting and make up their own losses as the reform progresses, will buy grain from farmers at the lowest protective prices set by the local government when the market grain price is too low.

In turn, they will supply grain to urban residents according to their ration cards at a price set by the local government if the market price rises too high for the public.

#### Nation's First Grain Futures Prices Issued

OW3003181892 Beijing XINHUA in English  
1545 GMT 30 Mar 92

[Text] Zhengzhou, March 30 (XINHUA)—China's first grain futures contract prices were issued today by the Zhengzhou Grain Wholesale Market in Zhengzhou, the capital of central China's Henan Province.

The prices include grade three white wheat, grade two yellow corn, grade three soybean and grade three shelled and unshelled peanuts.

The two-month futures price for grade three white wheat is 870 yuan per ton, the three-month futures price is 865 yuan and the four-month futures price is 850 yuan, while the current price is 865 yuan.

Futures prices for grade two yellow corn to be delivered by May, June and July is 600 yuan per ton, 615 yuan and 620 yuan, compared to the price of 598 yuan for late March.

In addition, the futures price for grade three soybean to be delivered by May, June and July is 1,680 yuan per ton, 1,700 yuan and 1,720 yuan, compared to the current price of 1,660 yuan.

Li Jinmu, director of the Zhengzhou Grain Wholesale Market, said the market will issue grain futures prices every month. He added that the market will issue the price every 10 days as the market develops.

According to Li, the Zhengzhou Grain Wholesale Market, the only national grain wholesale market in China, has concluded 460 futures contract transactions involving 280,000 tons of grain since it was opened on Oct. 12, 1990.

The director said futures trading of large amounts of grain and edible oil has laid a foundation for setting up a mechanism to determine grain futures prices.

#### More on Zhengzhou Grain Market

OW3103094492 Beijing XINHUA in English  
0939 GMT 31 Mar 92

[Text] Zhengzhou, March 31 (XINHUA)—The Zhengzhou grain wholesale market, the first of its kind established in China, is to announce futures contract grain prices monthly and eventually fortnightly.

This is aimed at providing timely information about grain prices to both domestic and overseas grain dealers, according to Li Jingmou, the market director.

Li said, since the first futures contract involving one million kg of would-be-ripe wheat was signed in March

last year, the wholesale market has signed 460 futures contracts, involving over 280 million kg of grain, so far, accounting for over 30 percent of the total contracts and contract volumes respectively.

With the increasing of numbers of futures contracts, the market has decided to improve the price system and strengthen its guiding functions, Li said.

Li said, as a state-run market, the Zhengzhou grain wholesale market has had the functions of providing old and new grain prices to the society.

The futures prices, to be issued very soon, can be regarded as a reference according to which grain producers can adjust their production, arrange grain processing and improve management of concerned businesses, and, as a reference for the state to map out overall policies, he said.

### **Li Yining Evaluates Shareholding System**

*HK2903010392 Guangzhou NANFANG RIBAO  
in Chinese 16 Mar 92 p 6*

[Article by Li Yining (0632 0110 1337): "On the Shareholding System"]

#### **[Text] I. Nature of the Shareholding System**

The shareholding system is a kind of operational and organizational form of enterprises. It does not have any social nature. The nature of the shareholding system is determined by the nature of the investors. In our country there are four kinds of investors: A) The state. As an investor, the state possesses state-owned shares which are of a public ownership nature. B) Public-owned enterprises which join in the shareholding and possess shares of the enterprises' legal entity; these shares are also of a public ownership nature. C) Individuals in society who join in shareholding; the shares belong to individuals. D) Staff members and workers; the shares they possess are of a cooperative nature and are small in amount. Because workers' representatives join enterprise management, the shares they possess are of a cooperative nature. A cooperative economy is a kind of public-owned economy.

These four kinds of shares can constitute 15 kinds of shareholding forms as follows: A, B, C, D, AB, AC, AD, ABC, ABD, ACD, ABCD, BC, BD, CD, and BCD. Seven of these are public owned. They are A, B, D, AB, AD, ABD, and BD. C is the only individually owned share. The nature of the remaining seven shares is decided by this formula:

$$\frac{C}{A + B + C + D}$$

(enterprise's total assets)

C  
If \_\_\_\_\_  
A + B + C + D

is smaller than 50 percent, this enterprise is mainly composed of publicly-owned shares;

C  
If \_\_\_\_\_  
A + B + C + D

is bigger than or equivalent to 50 percent, this enterprise is of a mixed economic nature or is under mixed ownership.

In addition, we should consider another important factor, namely the dispersion of C, because individual shares are widely scattered in society and possessed separately. Regulations can be formulated stipulating that individuals cannot purchase more than 1 percent of an enterprise's total shares. Adding the percentage of shares purchased by the investor's spouse and children, it would only be 3 to 4 percent. In other words, no individual can control the majority of the shares. Thus the enterprise's board will be controlled by public representatives. With the dispersion of C, this important conclusion can be made: The scope of the publicly-owned economy is not determined by the amount of publicly-owned capital but by the amount of capital this publicly-owned economy can dispose. For example, the state invests 100 million yuan to set up an enterprise. In this case, the shares are 100 percent state-owned and the capital the publicly-owned economy can dispose is 100 million yuan. If it wants to use 100 million yuan to set up two enterprises each needing a 100-million-yuan investment, the other 50 million yuan for each enterprise has to be collected from individual share purchases, with the publicly-owned economy still controlling the user rights. In this case, state investment is still 100 million yuan but the capital it can dispose of is 200 million yuan. If we suppose that possession of one-third of the shares entitles one to proprietorship, the state can set up three enterprises each with 33-million-yuan investments. Thus, the capital the publicly-owned economy can dispose is 300 million yuan. Therefore, with the dispersion of C under the shareholding system, the state can use less publicly-owned capital to control more capital from society. This is not the weak point of the shareholding system but its strong point.

#### **II. The Strong Points of the Shareholding System**

In comparison with the contract system, the shareholding system has these strong points:

First, it can really separate government administration from enterprise management. An enterprise practicing the shareholding system does not have a department to order it about. Its shareholders' panel is the supreme organ. The shareholders' panel will elect the board and the board will appoint the factory director. It has very clear relations with the government. It "abides by laws and pays tax according to regulations." The government has dual functions. As a manager, the government requires the enterprise to observe discipline and law, and pay tax according to the regulations. As an investor, the

government will draw up a policy to influence the enterprise's production and operation, instead of intervening. Drawing up a policy to influence the enterprise means that the government will, through its shareholding, enable the board to draw up decisions to influence the enterprise's activities. An enterprise under the shareholding system is a body with diversified investments. Thus the board will listen to different opinions instead of one. The board will make a decision after full discussions. If one side holding many shares acts at will without discussion, other shareholders will withdraw and sell their shares. This is different from external intervention and from the current practice in which what the state says counts. On the condition of persisting in public ownership, this method of separating government administration from enterprise management is feasible and is also the best choice.

Second, the shareholding system is good for letting enterprises assume sole responsibility for their profits and losses. An enterprise under the contract system is responsible for profits and not for losses, but an enterprise under the shareholding system assumes sole responsibility for its profits and losses. Under the shareholding system, all investors are responsible for their own investment returns; they cannot shift the responsibility to the state. Even for investment in state assets, the proprietorship is very clear because a clear definition is given to the main investors, who are responsible for preserving investment returns and undertaking risks. In other words, all the principal investing bodies are responsible for their investment returns.

Third, it will enable enterprise activities to take on a prolonged nature. When purchasing shares, people wish for two kinds of income: dividends and capital growth. Comparing them, the second is more important. If the purpose is solely for dividends, people would rather buy state bonds or financial bonds, because this does not involve any risk. When buying shares, people wish to benefit from the increase in share prices. The better an enterprise's economic results and the stronger its development stamina, the higher its share prices. If an enterprise uses up all it has, its share prices will plunge. In capitalist countries, there is a saying: "Big shareholders use their hands to vote, small shareholders use their feet to vote." In other words, big shareholders elect their representatives to the board to take part in decision-making, whereas small shareholders focus their attention on the stock market and keep moving to watch out for promising shares. This helps form a restrictive mechanism among investors.

Fourth, the shareholding system helps optimize the formation production factors within the framework of society. The contract system puts production under departmental ownership whereas the shareholding system will create conditions for structural optimization and blaze a new trail for an industrial structural adjustment. It will bring about the following advantages: 1) It will facilitate the merging of enterprises; 2) it will facilitate the formation of enterprise conglomerates; and 3)

through the securities market, it will guide capital flows so as to optimize the formation of production factors within the framework of society.

Fifth, the shareholding system can protect state assets. Every portion of investment in a shareholding enterprise is well cared for. State shares are taken care of by the state, the enterprise's shares by its shareholders, and individual shares by individuals. No one can take advantage of others. If some of the state assets disappears, people will track them down.

Sixth, the shareholding system is conducive to improving enterprises' economic results. In other words, a shareholding enterprise must work for the maximum benefit. An enterprise under the contract system is apt to perform its work perfunctorily because the state will finally be responsible for its losses, if any, no matter how big they are. If an enterprise under the contract system can make a 5 percent profit this year, the contractors will feel this is good enough. But a shareholding enterprise is different. If it makes a 5 percent profit this year, people in the same trade will view its equipment, technology, reputation, and product sales. If its equipment and technology are advanced and product sales are good, people will ask why it has only made a 5 percent profit. They will say it can make a higher profit; this little profit means that its management is not perfect. They will unite and buy its shares. After their shares account for a certain percentage, they will reelect the board and this enterprise will become their subsidiary company. This is pushing the enterprise into a proprietorship exchange market where the enterprise becomes an object of buying and selling. Under this market pressure, each enterprise must do its best to improve its economic results. This is the emergence of an external restrictive mechanism for investors' interests.

Seventh, the shareholding system can directly turn the consumption fund into a production fund. Now people have lots of money and their bank deposits keep increasing each year. All kinds of bonds are also issued each year. Bank deposits and bonds only help indirectly change the consumption fund into a production fund, because bank deposits can be withdrawn at any time and bond capital has to be repaid. But shares can directly change the consumption fund into a production fund, because shares can only be transferred and not returned.

Eighth, the shareholding system enables enterprises to join a higher level of international competition. At present, China's enterprises only participate in international commodities competition. This competition is restricted by many factors, such as increases in tariffs and raw material prices. To cope with these restrictions, we can set up transnational corporations and build factories abroad. We will do this in the future. But this should proceed with the implementation of a shareholding system.

Ninth, if staff members and workers are allowed to hold shares, their initiative will be brought into better play. When issuing shares within a factory, if the factory director and manager are required to buy more shares

than the staff members and workers, everyone in the factory will make concerted efforts in production and management.

These are the shareholding system's strong points. But it also has shortcomings, which are mainly as follows:

First, it may not be beneficial to the survival and development of undertakings and enterprises which produce good social benefits but bad economic results. Capital and talented people will flow into enterprises which produce good economic results. In such cases, enterprises with bad economic results will run short of capital and talented people. Therefore, the state should provide preferential policies for undertakings and enterprises which produce good social benefit but bad economic results.

Second, the gap in income distribution may widen. This is inevitable but can be ameliorated. 1) Shareholders are liable to regulatory tax payments if they benefit too much from selling their shares. 2) Knowledge about securities should be popularized among people to allow investors to understand the risks of stock investment to reduce opacity.

### **III. Several Problems to Be Taken Into Account in Developing Shareholding System**

First, the problem of selling shares at a premium. During the trial-implementation of the shareholding system, enterprises will, generally speaking, sell their shares at a premium in consideration of investors' interests. When the face value is one yuan, it has to be sold at three yuan or more. Why? There are several advantages in doing so. The first is to provide investors with earnings to commence their business. Enterprises with good economic results will create income by selling their shares at a premium. Some of this income can be used for production. The second is giving consideration to old and new shareholders' interests. When a company's shares are expanding and developing, investment returns in the first year are different from those in the third year. If shares are not sold at a premium, new shareholders can take advantage of it. The longer the time, the higher the premium. The third is making the investors fully understand the risks. Selling shares at a premium suggests a difference between investment and bank deposits. When your bank deposit is one yuan, it is one yuan. But you have to spend three yuan buying a share with a face value of one yuan. Selling shares at a premium enables investors to be cautious. In the future, shares will also be sold at a premium in Guangzhou. The premium percentage will be further discussed. It will not be good for enterprises if the percentage is too high.

Second, there is the problem of selling publicly-owned shares. We are now talking about selling individual shares. Individual shares account for a small percentage of the stock market. This is unfavorable to the development of the stock market. Therefore we should consider selling publicly-owned shares. The first advantage of selling publicly-owned shares is to increase the variety

and amount of securities. This will benefit the healthy development of the securities market. The second advantage is that as long as publicly-owned shares remain above proprietorship requirements, it will be alright. Supposing proprietorship requires possession of 51 percent of shares, the remaining shares can be sold. This is activate dormant assets. The third advantage is selling publicly-owned shares at a premium. Selling publicly-owned shares at a premium will help increase state assets. The state can use more money to build new enterprises.

Third, the problem of whether an enterprise's employees can buy its shares. There are two different opinions. The first one objects to employees buying their enterprise's shares. The reason is that this does not conform with shareholding regulations, apart from being unfair. The second one agrees with employees buying their enterprise's shares. The reasons is that shareholding regulations should be formulated in light of China's specific conditions. China's shareholding system is different from foreign countries', which do not allow an enterprise's own employees to buy its shares. [sentence as published] Foreign countries' shareholding systems are based on private ownership and proprietorship is very clear. China's shareholding system is different. It is based on public ownership and is taking shape in different ways. Enterprises' assets accumulated through profit retention since the 1980s should be recognized, otherwise these enterprises will feel this unfair and think it a loss to them. There is another reason. With its employees holding the enterprise's shares, the enterprise can use some share dividends to develop welfare business and provide bonuses. Each of these two opinions has its own reason. We should find a way which takes account of enterprises' interests and also conforms with shareholding requirements. These methods can be taken into consideration: One is to set up a fund for enterprises to hold shares and exercise control over enterprises' assets. A workers congress can elect representatives for the fund's board membership. The fund will organize and control shares. The other is recognizing workers' welfare. This welfare can be retained by the enterprise as a collective debt to its workers, who are entitled to annual interest sharing.

Fourth, the problem of cooperating shares in township and town enterprises. Generally speaking, township and town enterprises are now practicing the cooperative shareholding system, which is a new thing. There may be all sorts of problems in its practice, but we should still encourage and support it. Shareholding system reform in big township and town enterprises can be carried out by referring to the practice of state-run enterprises. In implementing the shareholding system, small and medium township and town enterprises have two principles to go by: One is a clear definition of proprietorship. The proprietary right of some township and town enterprises is not clearly defined. It is not clear whether they belong to township governments or village committees. Therefore, a clear definition must be made. The

other is the separation of government administration from enterprise management. There must be a clear relationship between township and town enterprises and township governments. No township cadres are allowed to turn township and town enterprises into their small treasuries.

Fifth, the problem of whether or not shareholding enterprises should have a "mother-in-law." Logically speaking, shareholding enterprises should not have a "mother-in-law." But China's conditions are special. Without a "mother-in-law," many enterprises would complain of hardship. Some entrepreneurs have said: Now we have two difficulties; if we have a "mother-in-law," we are afraid they will subject us to rigid management. If we do not have a "mother-in-law," everyone would be our "mother-in-law," therefore we would rather have an enlightened "mother-in-law." In my opinion, shareholding enterprises should not have a "mother-in-law," not even an enlightened one. But they could have "caretakers," who would give guidance and help to the shareholding enterprises during the initial implementation of the shareholding system. They should have two kinds of "caretakers." One would be the original departments in charge, which should continue to provide assistance to shareholding enterprises; the other could be the Structural Reform Commission, which would help take care of and guide shareholding enterprises.

Sixth, there is the problem of setting up a common investment foundation. Civilians should be encouraged to invest in this kind of common investment foundation. A common investment foundation can be established in each region. This common investment foundation will serve as a funnel. Everyone can buy its shares, and the foundation will invest the money in other fields. Civilians can benefit from it. When ordinary civilians do not know which enterprises to buy shares from, they can invest in this common foundation, which will share equal dividends. Investing in this common foundation is comparatively safe, and ordinary civilians do not have to take risks.

Seventh, there is the problem of whether or not cadres can buy shares. This depends on whether they are party and government cadres or enterprise cadres. If an enterprise issues shares to its staff members and workers, its cadres must buy its shares so that their interests are linked to the enterprise's. But party and government cadres should refrain from buying enterprises' shares so as not cause suspicion, as they are in charge of human, financial, and material resources. Otherwise, this would be as suspicious as adjusting one's cap under a plum tree. Party and government cadres could buy shares from a common investment foundation.

Eighth, there is the integration between the shareholding system, real estate business, and social protection undertakings. The shareholding system will be introduced step by step, and the real estate business will be encouraged. The value of real estate will increase. By using real estate

value increments as the capital of publicly-owned shares, the state will have rich resources for its revenues. The trend of social protection undertakings is making overall arrangements for old-age insurance, for unemployment insurance, and for medical insurance. There is a huge amount of money being reserved for these kinds of insurance. How should it be used? Some can be deposited in banks, some can be used to buy bonds, and some can be used to buy shares. This will be greatly advantageous to the implementation of the shareholding system in publicly-owned enterprises.

#### Economist Recommends 'Next Phase of Reform'

HK3103014992 Beijing CHINA DAILY in English  
30 Mar 92 p 4

[By Liu Li, State Statistical Bureau Economist: "Suggestions for Further Reform"]

[Text] The three-year austerity programme has provided the country with favourable conditions for further economic growth.

The programme, which began in 1988, has cooled the overheated economy, curbed the surging social demand for investment and consumption and halted double-digit inflation.

All this means the solution of some problems that stood in the way of further economic development.

In the next phase of reform, the government should seize this good opportunity to reform the industrial structure and promote economic efficiency by strengthening its macrocontrol.

Some old problems persist while new ones have arisen.

Underdeveloped basic industries have long been a bottleneck to economic growth, while the processing industry has worsened the situation by expanding too rapidly. Its output value rose to 48.4 percent of the nation's total last year.

Low efficiency is another problem consistently plaguing the economy, causing increased stockpiles of unsold goods.

In 1991, the average profit rate of industrial enterprises operating under the State budget was only 12.7 percent, 6.9 percentage points lower than in 1988. Nearly 58 percent of these enterprises were oozing red ink in 1991, an increase of 49.5 percentage points over 1988.

Industrial enterprises used to boost their economic results by simply speeding up production. But a lack of demand made that tactic do more harm than good.

The market could not absorb all the products supplied by manufacturers, and it can absorb even less when the structure of industrial sector is irrational.

Stockpiles of unsold goods have devoured large amounts of working capital and put more pressure on enterprises that are already under heavy financial burdens.

About 200 billion yuan (\$36.5 billion), one-fourth of the total amount of working capital of the country, had been locked in warehouses by the end of last September.

As many of these goods probably won't be sold in the market, enterprises and the State coffers will have to shoulder the hefty losses, or suffer another round of inflation caused by price rises of industrial goods to transfer the burden to consumers.

What is more, enterprises had to rely more on the central finances and banks to stay alive. By November 1991, enterprises had received 565.1 billion yuan (\$103.1 billion) from banks as additional working capital.

Even this did not help.

Statistics gathered from about 40,000 enterprises showed that 35.2 billion yuan (\$6.42 billion) had been devoured by debt defaults in the first 11 months of 1991.

To keep State-owned firms from going bankrupt, the government has to increase subsidies, even as the central budget has been depleted because of decreased contributions from State-owned enterprises.

It is high time the government reformed its macrocontrol policies.

It has long been racked by a dilemma: To increase revenue the government has to adopt expansion policies, yet it has to control the growth to improve efficiency and prevent waste of money by the production of unsalable goods.

Since enterprises operate under many different ownerships, the government should adopt flexible, effective ways to control the economy.

The government used to keep the macroeconomic balance mostly by administrative orders, and controlled the management of enterprises directly.

Last year, the State Council stepped in to clear the debt defaults of enterprises, restrict production and step up quality control programmes. However, these administrative measures are outdated.

The government should by now rely on economic leverage such as regulation of interest rates, tax rates and prices. This will free State-owned enterprises from rigid restrictions, placing them on equal footing in the market with enterprises under other types of ownership.

State-owned enterprises cannot not be enlivened unless they are totally free.

Macrocontrol policies should be aimed at stable, sustained and harmonious development of the national economy. The very immediate task is to rationalize the industrial structure.

With an anaemic money flow, the central government cannot provide all the funds for key national projects, though it is fully aware that support for key projects is one way to improve the industrial structure. The government is budgeted to input only 37 billion yuan (\$6.9 billion) a year, far short of the actual need.

But the government can manage to get sufficient funds in new ways.

For instance, by inviting bids to contract for those key projects, the central government can have help from local governments, big enterprises or even foreign corporations.

To encourage them to invest, the State will undertake to pay bank interest on their behalf when they borrow money for the construction of these projects.

In this way, with the 37 billion yuan (\$6.85 billion) at its disposal, the government will be able to attract as much as 400 billion yuan (\$74 billion) in investment, given the present interest rate of 9.36 percent for loans for infrastructure construction.

To perfect the industrial structure, it is also important to rationalize the price system of industrial products.

For instance, the oil and coal industries have been running in the red for years because of the irrationally low prices.

Failing to accumulate sufficient funds from their profits for expansion of production, basic industries, as a rule, are comparatively underdeveloped. That weakens the base of further economic development.

The government should avail itself of the opportunity of a stable market to free the prices of basic industrial products. And the measure will mostly benefit State-owned enterprises.

The price rise of basic products will force the processing industries to pay more attention to quality and technological upgrading and not blindly expand their productions at the cost of efficiency.

#### Official Discusses 1992 State Treasury Bonds

*OW3103120192 Beijing XINHUA Domestic Service  
in Chinese 2117 GMT 24 Mar 92*

[Interview with unidentified Finance Ministry "official" by unidentified XINHUA reporter "the other day"; place not given: "Finance Ministry Official Answers XINHUA Reporter's Questions on Issuance of 1992 State Treasury Bonds, Repayment of Principal With Interest, and Other Matters"—XINHUA headline]

[Text] Beijing, 25 March (XINHUA)—[Reporter] What is the volume of State Treasury bonds issued this year? What are the new characteristics of this year's issue compared to previous years?

[Official] The plan is to issue 31 billion yuan of State Treasury bonds this year. They will be issued two times: The first time 10 billion yuan of five-year-term State Treasury bonds will be issued; the second time, 21 billion yuan of three-year-term State Treasury bonds will be distributed. To fulfill government fund-raising goals and set up, step by step, a scientific and high-efficiency State Treasury bond issuing mechanism, the ministry will continue to carry on the spirit of reform and adopt some new measures in the issuance of State Treasury bonds. The main points are:

1. Except for the volume and other terms of State Treasury bonds, which are to be announced in a public notice by the Finance Ministry when the bonds are issued, other requirements will be institutionalized in the form of regulations. This will help facilitate early preparations and the flexible use of the bonds policy in the light of market fluctuations.
2. The existing State Treasury bonds and special national debts will be merged as one single State Treasury bond by abolishing the latter, which used to be sold to units by state-assigned quotas. Meanwhile, in a departure from the past practice of only targeting individuals as would-be buyers of State Treasury bonds, residents, self-employed persons, enterprises, institutions, government departments, mass organizations, and other organizations can also purchase them on a voluntary basis.
3. To readjust the debt structure and meet the requirements of the expanded scope of would-be buyers, five-year-term State Treasury bonds will be issued this year in addition to the existing three-year-term bonds. Buyers will have one more type of bonds from which to choose.
4. In the past, State Treasury bonds were issued once every year during a six-month period. This not only hampered the flexible use of the bonds policy but also the timely submission to the State Treasury of funds raised from the bonds. This year, the bonds will be issued two times: Five-year-term State Treasury bonds will be issued between April 1 and May 31. In the latter half of the year, three-year-term State Treasury bonds will be distributed. The issuing periods will be shortened to 2 months. The interest will begin on the date of issuance.

[Reporter] What are the principal methods to be used in distributing State Treasury bonds this year?

[Official] This year, we will further popularize the experience of purchase through subscription and underwriting gained in experiments in selected areas last year. This is an effective way of selling national debts that employs economic means and the market mechanism. Because of our country's vast territory and imbalanced economic development from area to area, in some localities or under certain conditions, the method of subscription by units will certainly have to be continued. We must, however, uphold the principle of voluntary purchase and make it easy for the masses to buy.

To further promote the growth of and standardize the national debt market, the ministry will issue and circulate paperless five-year-term State Treasury bonds on a trial basis this year. The paperless bonds will be sold through bidding to those who can make the payments first.

[Reporter] What organizational measures will be adopted to ensure that the distribution plan is fulfilled?

[Official] Assigning quotas to localities will be the principal organizational measure used in distributing State Treasury bonds this year. The Finance Ministry will issue centralized quotas to localities and the local financial departments will assign the sale task to a consignee by contract. To ensure that this reform in bonds distribution methods will be implemented smoothly, financial departments at all levels must, under the leadership of local governments, conscientiously examine the applications from consignee agencies and do a good job in signing the consignment contracts. They must also coordinate with relevant departments to get a proper mix of bonds in different denominations to facilitate sale and ensure the accomplishment of this year's State Treasury bonds distribution assignments.

[Reporter] What are your views on the prospects of State Treasury bonds sale this year?

[Official] More State Treasury bonds will be distributed this year than in the previous years, and the terms of issuance have also changed. Based on an analysis of all relevant factors, however, the prospects for the national debt market are bright; there are many favorable conditions for the fulfillment of this year's national debt issuance tasks.

Over the past few years, distribution of national debts has undergone a transition from employing political to economic means. All restrictions on circulation and transfer of State Treasury bonds have been lifted, and the bonds market has become increasingly brisk. Fund shortages for bonds repayment have mostly been eased; the reputation of bonds is steadily improving; and the masses are more willing to invest in bonds. All these have provided a good foundation for the fulfillment of this year's bonds distribution tasks.

General speaking, there are huge amounts of funds in society. The total balance of savings deposits nationwide increased 200 billion yuan last year. This plus social and price stability have created a favorable environment for the issuance of State Treasury bonds. In particular, the volume of bonds with interest due for repayment this year will amount to 36 billion yuan. A large portion of this amount will be reinvested in State Treasury bonds.

Moreover, State Treasury bonds still have great attraction to would-be buyers. The interest rate of the five-year-term State Treasury bonds to be issued in the first half of this year will be 10.5 percent per annum, 1.5 percent higher than that of bank deposits. In addition,

interest from State Treasury bonds enjoys duty-free privilege. These are sizable earnings for the vast number of investors.

For the reasons cited above, we are confident that the bonds sale plan will be fulfilled this year. We need to pay attention to preventing and solving two problems, however: 1) Preventing the emergence of a situation in which the bonds are unavailable to the general population. The consignee agencies must not withhold from sale the bonds consigned to them; rather, they must sell them over the counter and open the sale to the whole population; 2) The relevant departments must closely cooperate to ensure that every link of the marketing is in place to ensure smooth implementation of the distribution work.

[Reporter] What is the volume of bonds with interest due for repayment this year? Is there anything new about them?

[Official] China has entered a peak period in terms of repayment of bonds with interest since 1990. This year is another peak year. There is a total of three characteristics in the repayment of bonds with interest this year. 1) The volume is huge. The volume of bonds with interest due for repayment this year will amount to 36 billion yuan, the highest in the three consecutive peak years. 2) Several types of bonds will be due for repayment, including nine types of State Treasury bonds and inflation-proof bonds held by individuals and units. 3) A long repayment period that begins 1 July-31 October. There will be two peak periods: 1 July-to 30 September is the repayment period for State Treasury bonds; 1 September-31 October is the repayment period for inflation-proof bonds.

Doing a good job of effecting repayment for inflation-proof bonds is new in this year's work for repaying the capital of bonds with interest. According to the stipulations provided at the time of issuance, all departments handling transaction of bonds must fill in date of transaction on the back of inflation-proof bonds sold. Interest will be calculated from the date of purchase; and repayment of the capital of bonds with interest will be effected in a lump sum upon maturity of the bonds three years later. All areas, however, have adopted different methods to effect repayment. This year, the period of repayment for inflation-proof bonds will be fixed between 1 September and 31 October to facilitate repayment to the masses. Meanwhile, the method of day-to-day interest calculation will be changed; no matter whether the date of purchase is shown on the back of bonds or not, repayment for them will be effected on the basis of full maturity period within the period of repayment specified above. Like other state treasury bonds purchased by individuals, inflation-proof bonds may be liquidated everywhere in the country; their liquidation is not limited to the places of purchase. The rate of value-ensuring subsidies in annual interest rates for inflation-proof bonds shall be determined by the banks' current rate of value-ensuring subsidies for savings deposits during the period of repayment. Because the

banks' rate of value-ensuring subsidies for savings deposits is zero at present, the annual interest rate for inflation-proof bonds is 14.14 percent at this time.

Another new item in this year's repayment work is the repayment of some state treasury bonds owned by departments and institutions. The 1981-1984 state treasury bonds purchased by departments and institutions matured in 1989, but their repayment was postponed by three years. Maturity of these bonds will be due again this year. Although the amount needed for their repayment is not large, it is the government's policy to effect repayment of these bonds this year as it will produce a positive influence over the prestige and reputation of government bonds. Because the formalities for repaying these bonds are relatively complicated, it is hoped that all departments handling the transaction of bonds in all areas will take a responsible attitude and conscientiously do a good job of effecting repayment of these bonds.

[Reporter] What principal measures will be taken to do a good job of effecting repayment of capital of bonds with interest this year?

[Official] First of all, we would urge governments at all levels to strengthen leadership over this work. It is an important guarantee for preventing difficulties in repaying and ensuring smooth sailing over the peak period of the repayment of the bonds.

Based on experiences acquired by all areas from carrying out repayment work and the methods proven effective through their practice, we are going to do a good job in taking the following measures. First, we will continue to do a good job in organizing financial departments, banks, and postal offices to handle repayment operations through various channels to ensure there is a network of adequate establishment and sufficient time for people to liquidate their bonds. In particular, various security companies and financial institutions other than banks that have already handled the issuance and transfer of state treasury bonds are required to install counters and windows for the masses to liquidate their bonds. Second, vigorous efforts will be made to spread everywhere the method of having departments and institutions handle formalities for repaying bonds for their employees. Financial personnel of departments and institutions will handle these formalities upon maturity of bonds in a unified way through reservations, registration, and the collection of necessary documents in advance to ease the pressure of the work load on counters and windows during the peak period. Third, groups for effecting the repayment of bonds will be organized. They will travel to factories, mines, enterprises, and rural areas to provide services on the spot. Fourth, at the end of the period for repaying bonds, permanent service stations will be established to facilitate repayment of capital of bonds with interest all year round to the bondholders who for certain reasons are unable to process bond repayment within the period specified above. Because the work of repaying bonds has a bearing on the immediate interest of every household and the masses, it is necessary for us to look

upon improving "the quality of repayment" as the central link of the entire repayment work and concentrate efforts on achieving such improvements while we endeavor to carry out the measures mentioned above this year so that we may promote this year's repayment work to a new level.

**RENMIN RIBAO Argues Benefits of Imports**

*HK3003131892 Beijing RENMIN RIBAO in Chinese  
14 Mar 92 p 2*

[Article by staff reporter Ban Mingli (3803 2494 7787); "Opening Up and Open-mindedness—Commenting on Further Development of China's Economic Exchanges and Cooperation with Other Countries (Part 2)"; Part 1 was published in the 27 March China DAILY REPORT on pages 43-46]

[Text] Judging the hour and sizing up the situation, the central leadership has proposed to further emancipate the mind, and be bolder with quicker steps in reform and opening up. We made solid steps in opening up during the 1980s; however the world marches on, opening up is like a boat that must forge on against the current or it will be driven back. We should not rest satisfied, and much more can be achieved in opening up. It is entirely possible for us to further develop economic exchanges and cooperation with other countries in the 1990s. Viewing from whether harmonious relations with China's peripheral countries, or the reality of breaking some Western sanctions, or the international environment or China's internal conditions, we are now facing a good opportunity for expanding opening up!

Like reform, opening up is also a profound social change. The surfacing of anxieties of every description is just normal. Further expansion of opening up depends on open-mindedness.

In the course of opening up, some comrades are for increasing trade exports, whereas regarding imports, especially the import of foreign capital, they still have a lingering fear, and pose the question, "Would that be relying on foreign countries and run counter to self-reliance?"

Tong Yizhong [4547 1355 0022], deputy director of the Foreign Investment Department of the Ministry of Foreign Economic Relations and Trade aired his view. He said: "In viewing imports, a conceptual change is involved, namely, commodity trade, and trade in funds and technology should be viewed as an entity and the organic components of foreign trade. Utilizing foreign funds and technology is the offspring of foreign economic and trade relations developing from a low level to a higher tier, and the foundation and insurance for product exports." When we utilize foreign funds, the object of investment is in China; the proportion of funds utilized can come entirely under macro-control, and is insignificant in practice. Foreign funds absorbed accounted for around 4 percent in newly increased fixed assets during the Sixth Five-Year Plan, and was largely

the same during the Seventh Five-Year Plan. This being the case, foreign funds are just sort of a "complement" to China's economy. Furthermore, the foreign funds we utilize are free of any attached political conditions; therefore, the question of China's sovereignty and dignity being violated does not exist.

**As to economic dependence, that is, interdependence of economies, it is not the case of one economy leaning on the other, but supplementing each other with the advantages of each, and serving China. It is interdependence with neither side dispensable and with benefits for both sides. At any rate, it is not one side becoming an appendage to another without taking the initiative in one's own hands.** Today, many Chinese exports have become indispensable on the world market, including the markets of some Western developed countries. Should the importation of those goods be stopped, their prices would immediately go up, and that is a case neither import dealers nor the consumer would like to see. On the other hand, some foreign goods are in demand on the Chinese market.

Regarding imports, a correct view is called for: We should not believe that only exports are helpful to economic development; imports are likely a positive principle for economic development to change backward productive forces. Of course, we should avoid blind and repeated imports. This being the case, it should not be viewed with a mind-set characterized by closure and defense, but with a train of thought that is open-minded and takes the initiative. Right now we are working hard to restore China's signatory status to the GATT to develop multilateral economic relations and trade. To achieve this, foreign trade restructuring must fall further in line with standard international practice. The realization of a balance in imports and exports is precisely an international standard. Since 1989, the government has done abundant work in the reform of the export system based on standard international practice. Since 1 January 1990, export subsidies have been abolished, the official exchange rates for the renminbi are now very close to the market exchange rates, and efforts are being made to help the export structure develop in the direction of macroscopic regulation.

China enjoyed a favorable balance in foreign trade last year, with exports greater than imports. To a certain degree, that was the result of some Western developed countries implementing economic sanctions against China in addition to a reduction in domestic demand. Even so, we will continue to increase imports. Imports will exceed exports during the Eighth Five-Year Plan; therefore, there will not be any problem in achieving a basic balance in imports and exports. At the same time, work in reforming the import administrative system and "dovetailing" the GATT has been proceeding full steam. In addition, several important coordinative measures are to be adopted at home—for example, loans for technological transformation will be increased to stimulate domestic demand for imports, tariffs will be lowered for imports in 225 categories, and import permits will be abolished for items in 16 categories. This is quite an

action to further expand opening up, and is indispensable for reducing friction in world trade, while instilling new vitality in China's development in the 1990s.

To plunge into the large circulation of the world economy, it is necessary for us to implement the criteria of the world economy characterized by fair competition and mutual benefits in trade. Chinese products are to be exported, and foreign products imported; China is to set up companies in foreign countries, while they will do the same in China too. What are we going to do? Just take part in the competition. Things like confections, cookies, cosmetics, and commodities that we ourselves can produce will come in. What shall we do? As long as we have policy guidance and macroscopic tuning and control, they will not flood the market. With the improvement in China's production level, such imports will gradually decline. Of course, we must crack down on and halt the inflow of foreign goods through such abnormal channels as smuggling, to protect normal trade.

The economic leap of developing countries involves a process and a certain price. With a correct goal and principle, we should make the price as small as possible, but such price is inevitable in enlarging our self-reliance capability. The price of this process will bring us the takeoff in the next process.

"What shall we do if imports pound at our national industries? We must protect our national industries." Hence, the worries of some people, and not being bold enough in opening up.

It is beyond doubt that our national industries, especially state-run industries need to be protected. However, we must do some research regarding what are national industries and how to protect them.

National industries include China's existing industrial base as well as industries developed through importing and absorbing foreign advanced technology linked to China's national condition. The essences of the two do not contradict each other. Converting foreign advanced technology to China's own industries is a new national industry and falls into the "China-made" category. For example, today we call color film and color TV sets produced with imported, advanced technology, the cream of "China-made" products. In fact, without our existing industry playing the part of carrier, imported technology would not have played its advanced role.

Liu Peiqiang [0491 1014 1730] of the State Council Office for Affairs of the Special Economic Zones believes that we had painful experiences in protecting the national industries before 1949 with China's sovereignty violated, and that accounts for why foreign goods were resisted. Today, **China is a sovereign state; politically, it enjoys independence and takes the initiative; economically, it has built a rather complete national economic system with Chinese characteristics. Under the circumstances of a rather strong interdependence and competition with the world economy, it is possible to strengthen and enlarge our own industrial system only by taking an**

**active part in international exchanges and cooperation, and learning from others' strong points to offset one's weaknesses.** Protecting national industries means supporting some industries. However, such support does not mean taking on everything, nor should it be done by severing all international ties. Hopeful industries in their "infancy" call for protection, but when they develop, we should not confine them in a "hothouse"; they should be weathered in competition. Backward industries should not be protected, but urged to change through competition. Cheng Lingzhu [4453 3781 3798], deputy director of the State Council Development Research Center's World Economy Research Institute, and researcher Lu Yaobin [6424 5069 0365] said in analogy: It is like an athlete; if he confines his competition to home, he will never break through Asia and advance toward the world. If industrial enterprises remain satisfied with protection at home, with cheap raw materials and labor force as well as preferential policies, and fail to adapt themselves to the world economic environment, the development of solid, national industries will be out of the question.

Although the import of Santana cars sent Shanghai-brand cars, which had been produced with backward technology, to the museum, the Santana car importation has given birth to advanced cars. Absorbing advanced technologies from many countries to serve China will resurrect China's car industry, making it a pillar industry that will bring along the development of a series of related industries such as raw materials, chemicals, and light industry along with a new consumer goods market. In 1992, the volume of cars produced already falls short of demand. It is estimated that by the year 2000, the volume of cars in demand will be between 3 and 10 million, and that will be quite a big market.

Of course, we cannot import everything, nor should we advocate "worship of things foreign" while playing down national industries, but the most basic point in resolving this issue is to improve China-made goods, causing them to catch up with imported ones. So long as we can produce the cream of China-made goods that are capable of attracting Chinese consumers, the mentality of "worshiping things foreign" will melt away. Today, we have some very good China-made goods that already match imports, for example, Yunyan-brand cigarettes, the price of which is even higher than many famous-brand imported cigarettes, but is still in short supply. If China-made goods fail to measure up, it would be very difficult to prevent customers from buying imported goods, even if they are more expensive.

The equipment of a Guangdong joint-venture that produces cookies enjoying national popularity was provided by the Shanghai Foodstuff Machinery Factory, a state-run enterprise. This factory has broadened its vision through studying "foreign cookies" and advanced technology, and has competed with "foreign" equipment. Within a few years, its "Gongyuan-brand" production line matched "foreign" equipment and is now marketed overseas. The old state-run enterprise that was stalling is

now renovated. Foreign-funded enterprises in Guangdong that have opened up rather extensively do not only have their eyes on "foreign goods" but show a preference for the China-made "Gongyuan brand" production line, which falls into the category of genuine goods at a fair price.

Many similar facts are inspiring. We may say confidently that China's national industries will surely gain new strength in opening up.

### **State Council Import, Export Tariffs Regulations**

*OW2803044192 Beijing XINHUA Domestic Service  
in Chinese 2101 GMT 25 Mar 92*

[Text] Beijing, 26 March (XINHUA)—(These regulations were first promulgated by the State Council on 7 March 1985. They were amended and promulgated by the State Council on 12 September 1987. They were amended for the second time and promulgated again on 18 March 1992 according to "The State Council Decision on the Amendment of PRC Regulations on Import and Export Tariffs")

#### **Chapter One: General Principles**

Article 1. These regulations are formulated according to relevant stipulations in the "PRC Customs Laws," in order to implement the policy on opening to the outside world and to promote foreign economic relations and trade and the development of the national economy.

Article 2. Unless otherwise stipulated by the state, the customs shall impose import or export tariffs on goods whose imports and exports are permitted by PRC according to the "PRC Customs Tariffs on Imports and Exports" (hereafter abbreviated as "Import and Export Customs Tariffs").

The customs shall impose import tariffs according to the "Import and Export Customs Tariffs" on goods originating from China which are later purchased and imported from outside the country.

The "Import and Export Customs Tariffs" are a component part of these regulations.

Article 3. The State Council establishes the Tariff Regulations Committee whose responsibilities are to forward general and specific policies and principles for the formulation or amendment of the "Regulations on Import and Export Tariffs" and the "Import and Export Customs Tariffs," to deliberate draft amendments on tariffs, to fix temporary tariff rates, and to examine and approve partial adjustment of tariff rates.

The establishment of the State Council Tariff Regulations Committee is determined by the State Council.

Article 4. Consignees of imported goods and consignors of exported goods have the obligation to pay tariffs.

Agents entrusted to handle relevant formalities shall abide by various stipulations carried in these regulations concerning those who entrust them.

Article 5. The State Council Tariff Regulations Committee shall formulate separate measures governing the imposition or exemption of taxes on luggage and goods of passengers entering or exiting the country and personal effects delivered by post.

#### **Chapter Two: The Application of Tariff Rates**

Article 6. Import tariffs refer to general tariff rates and preferential tariff rates. General tariff rates shall be applied to the levy of imported goods originating from countries or regions which have no mutually preferential tariff agreements with the People's Republic of China; preferential import tariff rates shall be applied to the levy of imported goods originating from countries or regions which have mutually preferential tariff agreements with the People's Republic of China.

With the special approval of the State Council Tariff Regulations Committee, the preferential import tariff rates may be applied to the levy of imported goods which, according to the above stipulation, should be levied according to the general tariff rates.

The customs may levy special customs tariffs on imported goods whose countries or regions of origin have levied discriminatory customs tariffs, or given other discriminatory treatments to their imported goods whose country of origin is the People's Republic of China. The State Council Tariff Regulations Committee shall decide on the promulgation and implementation of the categories, tax rates, commencement, and cessation of the goods to be levied with special tariffs.

Article 7. Imported goods should be classified into appropriate tax codes according to the principle of classification as stipulated in the "Import and Export Customs Tariffs," and imported goods should be levied according to applicable tax rates.

Article 8. The tax rates to be applied to import and export goods shall be based on those which are in force on the date when consignees, shippers, or their representatives declare for the import or export of goods.

The tax rates for imported goods whose import declaration is made prior to the arrival of the goods, and whose advance import declaration is approved by the customs, shall be based on those which are in force on the date when the carrier of the said goods applies for entry to the People's Republic of China.

Article 9. The payment of taxes in arrears and reimbursement of taxes for imported and exported goods shall be based on the tax rates in force on the date of the import and export declaration of the said goods. The General Administration of Customs have separate stipulations on concrete methods.

**Chapter Three: The Evaluation of the Duty-Paid Value**

Article 10. The duty-paid value of the imported goods refers to the prices based on the customs' evaluation of transact price [CIF—cost, insurance, and freight]. The CIF price includes cost plus packing, freight, insurance, and other labor charges incurred prior to the arrival and unloading of the goods at the imported point within the border of the People's Republic of China.

Article 11. If the customs fails to determine the CIF prices of imported goods after evaluation, it should calculate the duty-paid value of the imported goods on the basis of the following prices in the following order:

(1) The transaction price of this imported commodity's identical or similar commodity purchased from the same exporting country or region;

(2) The transaction price of this imported commodity's identical or similar commodity available on the international market;

(3) The wholesale price in the domestic market of this imported commodity's identical or similar commodity minus import tariff, miscellaneous taxes, costs of transport, storage, operation charges, and profits following the importation of the commodity;

(4) The price calculated by the customs with other reasonable methods.

Article 12. Dutiable values of machinery and transportation tools, or other goods sent for repair outside the country, shall be the customs-fixed fees on repairs and parts if such goods are declared to the customs when they exit the country and are transported back to the country within the period stipulated by the customs.

Article 13. Dutiable values of goods transported out of the country for processing shall be the price parity between the CIF of processed goods entering the country and the CIF's of the original unprocessed goods transported out of the country, or identical or similar goods entering the country, if such processed goods are declared to the customs when they exit the country and are transported back to the country within the period stipulated by the customs.

The General Administration of Customs shall separately determine the varieties of goods described in the above article and formulate specific administrative measures.

Article 14. Dutiable values of goods imported by way of leasing (including renting) shall be the customs-determined rentals on goods.

Article 15. Dutiable values of imported goods shall include fees paid to authorities outside the country for the purpose of domestic manufacturing, utilization, publishing; or distribution involving patents, trade marks, copyrights, special techniques, computer software, and data concerning the imported goods.

Article 16. Dutiable values of exported goods shall be the customs-fixed free on board [FOB] price of goods sold outside the country, less the export tariffs. The customs will provide an estimation of dutiable values when the FOB cannot be ascertained.

Article 17. Consignees and consignors of imported or exported goods or their agents shall accurately declare to the customs sales prices of imported or exported goods. The customs will fix the dutiable values according to stipulations in these regulations when sales prices declared are clearly less than or more than sales prices for identical or similar goods.

Article 18. When they declare their imports or exports to the customs, the consignees or consignors or their agents shall provide the invoices, packing lists, and other relevant documents about their goods' actual values, freight, premium, and other costs (as well as invoices of manufacturers, if available).

The aforementioned documents should be signed and authenticated by the consignees or consignors, or their agents, of the imports or exports.

Article 19. When the customs assesses the tariffs for imports or exports, the consignees or consignors or their agents shall provide invoices or other documents. When it is deemed necessary, the customs may examine relevant contracts, account books, and documents of the buyer and seller, or make other inspections. The customs still can check this information of duty-paid goods which it has cleared.

Article 20. When consignees and consignors or their agents of imports and exports fail to provide the documents mentioned in Article 18 when they declare their goods, they shall pay the tariffs based on the customs' estimation; the amounts of tariffs shall not be readjusted if they submit the documents afterward.

Article 21. When the CIF or FOB of imports or exports—or their rents, repairs, and material costs—is estimated in foreign currencies, the customs shall estimate and collect the tariffs in renminbi in accordance with the medium buying and selling rates of the foreign currency quoted by the state foreign exchange control authorities in their "renminbi-foreign exchange rates" of the day when the customs bills the tariff payments. A foreign currency not quoted in the "renminbi-foreign exchange rates" shall be converted into renminbi according to a rate set by the state foreign exchange control authorities.

**Chapter Four: Payment and Refund of Tariffs**

Article 22. Consignees and consignors of imports and exports, or their agents, shall pay the tariffs at designated banks within seven days (except Sundays and legal holidays) beginning from the day after the customs bills the payment. For an overdue payment, the customs, in addition to pressing for it according to law, shall impose an additional daily fine of 0.1 percent of the overdue

beginning from the day after the due day to the day when the payment has been made.

Article 23. The customs shall assess and collect tariffs and overdue fines in renminbi, except for those for which the General Administration of Customs has prescribed separately.

Article 24. The customs shall issue receipts for the tariffs and overdue fines it has collected. The design of the receipt shall be determined by the General Administration of Customs.

Article 25. When they have any one of the following cases the consignees and consignors of imports and exports, or their agents, may within one year from the day they pay the taxes state the reasons in written form with receipts of their tax payments, and request the customs for a tax refund. The request shall not be handled if it is submitted after the one-year period:

(1) More duties have been levied because of the customs' mistakes;

(2) A shortage has been found in the imports which are customs-exempted for inspection, after their duties have been paid; the shortage has been ascertained by the customs; and

(3) When a shutout is submitted for goods which are not exported for some reason after their export duties have been paid, and after the customs has ascertained the case.

Within 30 days after receiving a claim for refund of paid duties, the customs shall make a written reply and notify the refund claimer.

Article 26. If, after taxes of imports or exports have been paid, the customs finds it has imposed less taxes on the goods than it should, or has overlooked certain taxes, it shall collect the unpaid amounts from the consignees or consignors or their agents within one year, beginning from the day when the taxes have been paid, or when the goods have been cleared. If the uncollected taxes are a result of the violation of regulations on the part of the consignees or consignors or their agents, the customs may press for their collection over a period of three years.

#### **Chapter Five: Reduction or Exemption of Tariffs and the Procedure for Examination and Approval**

Article 27. After verification by customs, the following goods will be exempted from tariffs:

(1) Goods under a single invoice with a tariff value below RMB 10 yuan.

(2) Advertisement materials and samples with no commercial value.

(3) Commodities given as gifts by foreign governments or international organizations.

(4) Fuel, materials, and beverages and food needed during roundtrip journeys for entering and exiting means of transportation.

When China's exported goods have to be returned for some reason, their original consignors or their agents should request their return and provide the original export documents. After they have been verified by customs, these goods may be exempted from import tariffs. The export tariffs that have been collected, however, will not be refunded.

When imported goods have to be returned for some reason, their original consignees or their agents should request their return and provide the original import documents. After they have been verified by customs, these goods may be exempted from export tariffs. The import tariffs that have been collected, however, will not be refunded.

Article 28. Tariffs on imported goods under any one of the following cases may be reduced or exempted at customs' discretion:

(1) Goods that are found to be damaged or lost during transit or unloading.

(2) After being unloaded but before being released by customs, goods that are found to be damaged or lost as a result of uncontrollable forces.

(3) Upon inspection by customs, goods that are found to be pillaged, damaged, or rotten and are certified that the above conditions are not the result of careless maintenance.

Article 29. Customs shall reduce or exempt from tariffs, in accordance with relevant stipulations, goods and materials whose tariffs are to be reduced or exempted as stipulated in international treaties signed or joined by the PRC.

Article 30. With customs' approval, samples, exhibits, construction machinery, construction vehicles, construction ships, assembly equipment and tools, television or movie filming equipment, containers filled with cargo, and opera troupes' costumes and tools that are imported or exported on a tentative basis to be returned within six months may be granted a tariff-exemption period of six months if their original consignees or consignors have provided a guarantee or paid a guarantee fund equivalent to the amount of the collectible tariff.

The above stipulated six-month period may be extended on a case-by-case basis at customs' discretion.

When the period for importing construction machinery, construction vehicles, and construction ships that are imported on a tentative basis has been extended with customs' approval, customs shall, in accordance with the length of time they are used, impose import tariffs on them during the extended period. Specific measures shall be drawn up separately by the General Administration of Customs.

Article 31. According to the actual quantity of processed goods for export, customs may exempt from levying tariffs on raw and semifinished materials, supplementary materials, parts and accessories, and packaging materials that are imported for processing and assembling for entrepreneurs overseas and for manufacturing products for export—or customs may levy import tariffs on the imported materials and quantity first and then refund the taxes according to the actual quantity of processed goods for export.

Article 32. The General Administration of Customs shall separately draw up measures to levy or exempt tariffs on imported and exported goods without compensatory value.

Article 33. The goods imported and exported by special economic zones and other specially designated areas; the goods imported and exported by Chinese-foreign joint ventures, Chinese-foreign cooperative enterprises, foreign-funded enterprises, and other specially designated enterprises; and other import and export goods that enjoy the preferential treatment of tariff reduction or tariff exemption according to law shall be given a tariff reduction or tariff exemption according to the relevant state regulations.

Article 34. If the consignor and the consignee, or their agents, wish to request a temporary tariff reduction or tariff exemption on their import and export goods, they must submit an application to customs at their place of residence, with a written explanation of the reason for the request and other necessary verification documents and data, before the goods are imported or exported. After verifying the submitted application and the relevant documents, customs shall report the matter to the General Administration of Customs. The application shall be examined and approved by the General Administration of Customs or examined and approved jointly by the General Administration of Customs and the Finance Ministry, in accordance with the provisions of the State Council.

Article 35. When imported goods that enjoy special tariff reductions or exemptions according to state laws and regulations are sold, transferred, or used for other purposes with customs' approval during the custody period, they shall have their values estimated based on depreciation and shall pay the unpaid import tariffs. The General Administration of Customs shall draw up separate rules for the custody's time limit.

#### **Chapter Six: Appeal Procedure**

Article 36. When a taxpayer disagrees with customs regarding taxes, amount of taxes reduced, payment of unpaid taxes, or tax refunds relevant to the goods imported or exported, the taxpayer shall first pay the amount of taxes assessed by customs and then, within 30 days after customs has issued the receipt of the tax payment, submit a written request to customs for review. Customs rejects any request not submitted within that period.

Article 37. Customs shall make a decision regarding the appeal within 15 days after receiving the written appeal for review. If the taxpayer disagrees with the decision on his appeal, the taxpayer may, within 15 days after receiving notice about the decision, submit a request to the General Administration of Customs for review.

Article 38. The General Administration of Customs shall make a decision regarding an appeal for review within 30 days after receiving such an appeal from a taxpayer, and a written statement concerning the decision shall be forwarded to the applicant through the relevant customs.

If the taxpayer disagrees with the General Administration of Customs regarding its decision of the appeal, the taxpayer may, within 15 days after receiving the appeal decision, submit an appeal to a people's court.

#### **Chapter Seven: Rules of Punishment**

Article 39. A person who commits the act of smuggling in violation of these regulations or who violates the custody provisions of customs shall be handled in accordance with the "Customs Law of the People's Republic of China," the "Rules for the Implementation of the Customs Law of the People's Republic of China Concerning Administrative Punishment," and the provisions of other laws and regulations concerned.

#### **Chapter Eight: Supplementary Articles**

Article 40. Regarding the unit or person who reports tax evaders or assists in the investigation of tax evaders, customs shall award them according to regulations and shall take the responsibility to keep their names confidential.

Article 41. The General Administration of Customs of the People's Republic of China shall be responsible for explaining the regulations.

Article 42. The regulations will come into force on 1 April 1992.

#### **Revisions Issued**

OW2803052992 Beijing XINHUA Domestic Service  
in Chinese 2119 GMT 25 Mar 91

[*"State Council Decision on Revising the 'Regulations of the People's Republic of China on Import and Export Tariffs'"*]

[Text] Beijing, 26 March (XINHUA)—In light of the provisions of the "Customs Law of the People's Republic of China" and practical customs experiences accumulated over the past few years, the State Council has decided to amend and supplement the "Regulations of the People's Republic of China on Import and Export Tariffs" as follows:

1. Add to Article 2 a second provision which reads: "The customs will levy import tariff on goods purchased and

imported from overseas that originate from China in accordance with the 'Customs Import/Export Tariff.'"

2. Article 5 will be revised to read: "Measures for imposing or exempting duties on accompanied or unaccompanied goods of passengers entering or exiting through the customs, or those mailed by individuals, will be formulated by the State Council Tariff Regulations Committee."

3. Article 6 will be revised to read: "Import tariffs consist of both general and preferential duty rates. The general tariff will be applied to imported goods originating from countries or regions that have no tariff agreement with the People's Republic of China providing mutually preferential treatment. The preferential tariff will be applied to imported goods originating from countries or regions that have a tariff agreement with the People's Republic of China providing mutually preferential treatment.

"With special permission from the State Council Tariff Regulations Committee, the preferential tariff may be applied to imported goods that come under the general tariff as prescribed in the previous provision.

"The customs may impose special tariffs on imported goods originating from any country or region that imposes discriminatory tariffs or other discriminatory treatments on imported goods originating from the People's Republic of China. The State Council Tariff Regulations Committee will decide and promulgate the categories and duty rates of goods subject to special tariffs, and the initial and expiration dates for imposing special tariffs."

#### 4. Delete Article 7.

5. Add a new Article 7 which reads: "Based on the classification principles prescribed in the 'Customs Import/Export Tariff,' imported and exported goods should be assigned applicable tariff codes and taxed accordingly."

6. Add one article as Article 9 which reads: "When paying overdue duties, or claiming refund of paid duties on imported or exported goods, the tariff rates effective on the date when imported or exported goods in question are declared to the customs will apply. The specific measures will be formulated by the General Administration of Customs."

7. Article 10 will be changed to Article 11 and revised to read: "When the customs cannot decide the cost-insurance-freight [CIF] value for a given imported product, the customs should use the following prices to help assess its dutiable value:

"(1) The sale prices for identical or similar goods purchased from the same country or region that exports the product in question;

"(2) The sales prices for identical or similar goods on the international market;

"(3) The wholesale prices for identical or similar goods on the domestic market minus import tariff; other import charges and taxes; transport, storage, and overhead costs after imported; and profit;

"(4) The price assessed by the customs via other reasonable means."

8. Change Article 12 to Article 13 and add to it a second provision which reads: "The categories of the goods mentioned in the previous provision and the specific measures governing such goods will be decided by the General Administration of Customs."

9. Add one article as Article 15 which reads: "The dutiable value of any given imported product should include all the fees paid overseas for any patent, trademark, copyright, special technologies, computer software, or information related to the product in question so that the product can be manufactured, used, published, or sold in the country."

10. Article 14 will be changed to Article 16 and revised to read: "The dutiable value of any given exported product should be the free-on-board [FOB] value approved by the customs minus export tariff. When the FOB value of a given exported product cannot be determined, its dutiable value will be assessed by the customs."

11. Add one article as Article 17 which reads: "The consignee or consignor for any given imported or exported product, or its agent, should truthfully declare to the customs the sale price of the product in question. For goods whose declared sale prices are considerably lower or higher than those of identical or similar products, the customs will assess their dutiable values in accordance with these regulations."

12. Change Article 22 to Article 25 and add to it a second provision which reads: "Within 30 days after receiving a claim for refund of paid duties, the customs should make a written reply and notify the refund claimer thereof."

13. Article 24 has been changed to become Article 27 with the addition of a third provision which reads: "When imported goods have to be returned for some reason, their original consignees or their agents should request their return and provide the original import documents. After they have been verified by the customs, these goods may be exempted from export tariffs. However, the import tariffs that have been collected will not be refunded."

14. Article 27 has been changed to become Article 30, with the addition of a third provision which reads: "When the period for importing construction machinery, construction vehicles, and construction ships—which are imported on a tentative basis—has been extended with the customs' approval, the customs shall, in accordance with the length of time they are used, impose import tariffs on them during the extended period. Specific measures shall be drawn up separately by the General Administration of Customs."

15. Article 28 has been changed to become Article 31, with the addition of one sentence which reads: "Or levy import tariffs on the imported materials and quantity first, then refund the taxes according to the actual quantity of processed goods for export."

16. Article 35 has been added. It reads: "When imported goods which enjoy special tariff reduction or exemption according to state laws and regulations are sold, transferred, or used for other purposes with the customs' approval during the custody period, they shall have their values estimated based on depreciation, and they shall pay the unpaid import tariffs. The General Administration of Customs shall draw up separate rules for the custody's time limit."

17. Article 32 has been changed to become Article 36. It has been revised to read: "When a tax payer disagrees with the customs with regard to taxes, the amount of taxes reduced, payment of unpaid taxes, or tax refunds relevant to the goods he imports or exports, he should first pay the amount of taxes assessed by the customs, and then within 30 days after the customs has issued the receipt of the tax payment submit a written request to the customs for a review. The customs rejects any request not submitted within that period."

The language of some articles and the order of some provisions have also been revised and adjusted.

This decision becomes effective on 1 April 1992.

The "PRC Regulations on Import and Export Tariffs" have been revised and repromulgated in accordance with this decision.

### **Expert Views 3 Gorges Project's Financial Aspects**

*OW2603181992 Beijing XINHUA Domestic Service in Chinese 2111 GMT 25 Mar 92*

[Report by XINHUA Reporter Jiao Ran (3542 3544): "Can the Nation Afford the Three Gorges Project?"—XINHUA Domestic Service in Chinese at 1351 GMT on 26 March transmits a service message replacing this item with a shorter version entitled "Li Zhijie on the Three Gorges Investment"; italicized passages were deleted in the shorter version]

[Text] Beijing, 26 March (XINHUA)—*Can the nation afford the Three Gorges Project at a time when the nation's financial situation is relatively difficult? In this connection research fellow Li Zhijie, member of the Group of Economic Experts for the Comprehensive Study of the Three Gorges Project and chairman of the "Economic Assessment Study of the Three Gorges Project," expressed his views. Can the Nation Afford the 57 Billion Yuan?*

*According to Li Zhijie, members of the Group of Economic Experts for the Comprehensive Study of the Three Gorges Project have analyzed this issue from various angles and think the nation can afford it.*

Li Zhijie said: Analysis of the relationship between the investment plan of the Three Gorges Project and macroeconomic aggregates—calculated on the basis of 1986 constant prices, with the construction time of the project scheduled to take place between 1996 and 2015—shows that for any given year during that period the biggest yearly investment in the Three Gorges Project will account for 4.61 per thousand of total investment in fixed assets and 1.14 per thousand of the national income of that year; total investment will account for 1.23 per thousand of the national income and 0.73 per thousand of the GNP [gross national product] of the construction period. Seen from this angle, the country can afford the investment in the Three Gorges Project.

But people's worries over the investment are also justified. He said: The composition of the nation's public investment shows that allotments from the central government account for only 10 to 12 percent, whereas non-budgetary investment accounts for 50 percent, and collective and independent investments account for approximately 40 percent. Thus the Three Gorges Project cannot totally depend on the central government. In other words, only when the money issue has been resolved can the Three Gorges Project be reliably financed. *Will the Three Gorges Project Cause Inflation*

Li Zhijie also said: Although the aggregate investment in the Three Gorges Project is huge, the money will be invested over a period of 20 years. Calculated according to 1990 prices, 30 billion yuan will be needed during the first 12 years after construction begins, 4.2 billion yuan will be needed for the three-year period of preparations, and 25.8 billion yuan will be needed in the subsequent nine years. Judged by such investment and the nation's aggregate strength, the investment is unlikely to cause inflation. He added: Of course, when the Three Gorges Project is started, construction projects and processing industries which are non-essential and nonproductive should be strictly controlled. If construction projects are launched without regard to whether or not they are essential, then the excessive size of capital construction is likely to cause inflation. *Where Will the 56 Billion Yuan Come From?*

*Some people say that since the state cannot afford that much money, the people will be forced to contribute. Li Zhijie said that this is a groundless allegation. Donations from people are not one of the nine ways of raising money listed in the feasibility study submitted by experts. Objectively speaking, the total amount of money that can be raised show that people's donations are not necessary. He listed the nine ways of raising money.*

Where will the 56 billion yuan come from? Li Zhijie said: The feasibility study report submitted by the experts specified nine ways of raising money: 1) income from electricity generated by the Gezhouba Hydroelectric Power Station; 2) funds levied for water conservancy and power construction projects; 3) loans from domestic banks; 4) budgetary investment for capital construction

projects; 5) special allotments from the central government; 6) funds shared by local authorities; 7) foreign capital; 8) income from power generated during the construction of the Three Gorges Project; and 9) securities and stocks floated for the construction of the Three Gorges Project.

Li Zhijie said: *Economic and fiscal assessments show that after the Three Gorges Project is completed, it can pay back all the loans the next year and can recoup all the investments the third year. However, he stressed that once the project is launched, the management will be extremely complex. There must be strict rules and regulations for overseeing management in all sectors, especially economic and fiscal management, such as raising money.*

### Experts View 3 Gorges Project Safety

HK3003143592 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1209 GMT 18 Mar 92

[“Special article” by Wang Min (3769 2549): “Is Three Gorges Project a Super Bomb?”]

[Text] Wuhan, 18 Mar (ZHONGGUO TONGXUN SHE)—Along with the voices in favor of building the Chang Jiang Three Gorges project becoming increasingly louder, people are more concerned about the safety issue when the dam is built. It is not difficult to imagine that if the reservoir, 175 meters high, 600 km long, and with a holding capacity of nearly 10 billion cubic meters of water, bursts, the deluge, with a high flow peak and powerful discharge, will vigorously rush roaring down, turning 1,000 li of charming and beautiful land on the middle and lower reaches of the Chang Jiang instantly into a vast expanse of water, and drowning millions of people in the twinkling of an eye. Therefore, people are worried that the Three Gorges dam will become a super bomb, which may explode at any moment, for future generations. In this connection, this reporter interviewed relevant experts here on the civil defense issue regarding the Three Gorges project.

### The Conclusion of Demonstrations Will Not Affect Construction of the Three Gorges Project

Experts here said: The study of the civil defense issue has been conducted for a long time during the design of the Three Gorges project, and various design calculations and model experiments have been made by specialized teams formed by experts on hydraulic structure. The conclusion drawn from the demonstrations is: As signs would be detected of a coming modern war (referring here to a nuclear war), it is possible to release water with advance warning. Flood-relief facilities capable of discharging a large volume of floodwater at varying levels will be constructed at the huge dam. In wartime, the water level can be lowered rapidly.....if attacked by nuclear weapons.....disastrous damage would be caused to the area between the site of the dam and the city of Shashi onward, while Shashi itself and the Wuhan region would not be seriously affected. Analyzed from the

situation as a whole, the disaster would still be limited to individual areas. Therefore, the issue of civil defense will not be a decisive factor in the construction of the Three Gorges project.

### Individual Areas Are Affected When the Body of the Dam Bursts Totally in an Instant

Generally speaking, the basic principle of civil defense in a large-sized reservoir is to lower the operational water level at times of emergency. The countermeasure to be adopted for the Three Gorges project is also the timely lowering of the operational water level. At the present stage, the water level at unusual times will be reduced to 145 meters, and it can be further reduced to 130 meters in case of special emergency.

In the nonflood season, when the water level drops to 145 meters, there are only 17 billion cubic meters of water in the reservoir, but the water volume at a flood peak in the middle and lower reaches of the Chang Jiang will exceed 100 billion cubic meters. The river trough in the middle and lower reaches of the Chang Jiang may safely release more than 5 billion cubic meters of water a day, and the floodwater storage areas already designated can hold 50 billion cubic meters of water. Consequently, it is entirely feasible to restrict a flood disaster to the area of Shashi onward if the dam bursts. Of course, the disaster will be greater if it happens during the flood period, yet the extra volume of water is not very large. The model experiment of the dam bursting has come to the same conclusion. This is mainly because the Three Gorges reservoir is a river course in itself, the lower section of which is the site of the Three Gorges, having narrow valleys alternating with wide ones and a number of abrupt turns. Hence, the discharge of floodwater is controlled by the river valleys, and particularly by those between Liantuo, close to the lower part of the dam, and Nanjinguan, which will play a great role in restricting the floodwater if the dam bursts. The data of experiments shows that when the floodwater from the burst dam flows to Nanjinguan, the flood peak discharge will be reduced by a relatively big margin as compared with that at the site of the dam, and the flow of water will be further whittled down beyond Nanjinguan. It will enter the alluvial plain of the middle reaches of the river after passing Jicheng. Here, as the water from the burst dam now exceeds the flood-relief capacity of the river bed, the extra floodwater will burst and overflow the river banks to enter the surrounding dykes of upper and lower Bailizhou and Songzi, as well as the Jiang Jing flood diversion zone. Thus, when the water reaches Shashi and the huge Jing Jiang dyke, the flood peak will be substantially reduced, and will be 45 meters lower than Shashi's guaranteed flood prevention level. As the flood peak originating from the burst dam would not last long, the conclusion that a flood disaster brought about by a burst dam would be restricted to Shashi onward is completely credible.

**There Is Sufficient Time Guaranteed To Release Water During Unusual Times**

As to whether or not the Three Gorges reservoir can safely reduce its water level at unusual times, the experts here maintain: There will be a great number of deep discharge openings built in the Three Gorges project. When the water level of the reservoir is at 145 meters, the deep openings and the power station will discharge approximately 6,000 cubic meters of water per second, and the lower reach river bed will also safely discharge about 6,000 cubic meters per second. If water is flowing into the reservoir at the rate of 10,000 cubic meters per second, then the net discharge of water will be about 4 billion cubic meters a day, and it will only take five to six days for the water to be lowered from 175 meters to 145 meters. As regards the anxiety that no advance warning will be given to grant time for releasing water in case of a surprise attack, which was not uncommon in previous wars with conventional weapons, the study of the relevant departments points out that in modern wars, nuclear wars in particular, both parties have to consider the opposite side's nuclear retaliation, so there are generally signs to be detected. Judging from this point, there will be enough time for the Three Gorges reservoir to release water.

There are both advantages and disadvantages in everything, and it is particularly the case with the Three Gorges project, which is a gigantic one involving generation after generation. It has a number of advantages and disadvantages too. Without a long-term view, there will be imminent anxiety. Therefore, it is indispensable to conduct a vast amount of meticulous study and demonstrations in the safety issue of the Three Gorges project. However, it is inappropriate to save a little only to cast aside a lot. Judging from the present information and study findings, the safety issue of the Three Gorges project should not be a decisive factor in whether or not it is to be constructed.

**April Designated 'Taxation Propaganda Month'**

*OW3103110092 Beijing XINHUA in English  
1019 GMT 31 Mar 92*

[Text] Beijing, March 31 (XINHUA)—The State Administration of Taxation has decided to make April a "taxation propaganda month" starting this year.

The effort is to enhance the citizens' sense of responsibility for paying taxes to the state, and to promote the improvement of the legal taxation system of the country.

Statistics show that during the period of 1987-1991, some 12,415 cases of violence against taxation occurred in the country.

**Animal, Plant Quarantine Law To Begin 1 Apr**

*OW2603225092 Beijing XINHUA in English  
1514 GMT 26 Mar 92*

[Text] Xi'an, March 26 (XINHUA)—The "Law on the Quarantine of Animals and Plants Entering and Exiting the People's Republic of China" will take effect on April 1.

The effective date was announced during the ongoing national conference on port quarantine which is being held in Xi'an, the capital of northwest China's Shaanxi Province.

The law stipulates that items which pass through, or items which are carried or mailed into or out of China, including animals, plants and related by-products, will be subject to quarantine.

The law, which was passed during the 22nd meeting of the Standing Committee of the 7th National People's Congress on October 30, 1991, is based on the draft law passed in principle by State Council on August 2, 1991.

The new law will supercede the former "Regulations on the Quarantine of Imported and Exported Animals and Plants" which was issued in 1982.

## East Region

### Huang Ju on Improving Economic Growth Rate

OW3103032792 Beijing XINHUA Domestic Service  
in Chinese 2110 GMT 29 Mar 92

[By reporters Wu Fumin (0702 1788 3046) and Chen Yani (7115 0068 1200)]

[Text] Shanghai, 30 March (XINHUA)—Shanghai, noted for its steady and healthy economic development, will appropriately quicken its pace of development in the next decade. This year's target of "striving for an annual economic growth rate of 6 percent while guaranteeing an annual economic growth rate of 5 percent" will be changed to "guaranteeing an annual economic growth rate of 6 percent and striving to exceed this growth rate." Both the Eighth Five-Year Plan and the Ninth Five-Year Plan will also be rearranged.

During the 1980's, Shanghai's economic growth increased steadily at an annual rate of 7.2 percent. Nevertheless, this speed was still lower than the average national level of 10 percent and lagged far behind provinces and cities with rapid development, for example Guangdong Province. In order to realize the goal of quadrupling the GNP [gross national product] by the end of this century, Shanghai's average annual GNP growth rate should be 7.2 percent during the 1990's. However, the Eighth Five-Year Plan only sets the annual growth rate at 5 percent.

Shanghai Mayor Huang Ju pointed out that within the next decade, Shanghai must give full play to its comprehensive economic advantages and strive to speed up economic development in the following three aspects:

—It is necessary to quicken economic growth through structural adjustment and coordinated adjustment of proportions. During the 1990's, Shanghai's industrial structure will undergo strategic adjustment. The proportions of the primary, secondary and tertiary industries will demonstrate Shanghai's role as an economic center. Priority will be given to the development of the tertiary industry. Before 1995, the proportion of the tertiary industry will be increased from 30 percent of the GNP to 35 percent and be further increased to 42 to 45 percent by the end of this century. As to the secondary industry, the proportion of new and high-technology industry should be increased from the present 2 percent of total industrial output value to 5 percent. The proportion of sedan, machinery and electronic products, refined chemical industry [jing xi hua gong 4737 4798 0553 1562] and other new pillar industries should be increased from the present 20 percent to 30 percent. We should also seek new development in existing traditional industries by improving their quality. Primary industry should also be gradually changed to suburban-type modern agriculture.

—It is necessary to pay attention to adjusting the use of different grades of land in the municipality and speed up economic development through adjusting the arrangement of productive forces. We plan to move those plants and warehouses—still in the "golden district" of the city center—to other places and turn Nanjing Road, Huaihai Road, Sichuan Road, Xizang Road, Jinling Road, and the Bund into a prosperous financial, trade and shopping center. Meanwhile, we will take advantage of the development of Pudong to move some commercial and trade organizations and plants from Puxi to Pudong. We will make a reasonable overall arrangement for the development of banking, trade, export-oriented processing, and new and high-technology industry in various localities. Suburban areas should also develop industry, warehousing, and tertiary industry, all while developing intensive and efficient farming operations.

—It is necessary to take advantage of opening up to the outside world to speed up economic development through the development of Pudong and utilization of foreign capital. During the Eighth Five-Year Plan, 45.5 billion yuan will be invested in the development of Pudong, where the speed of economic development will be apparently faster than that of Puxi. It is estimated that in the next three years, we will approve the establishment of some 1,000 joint ventures, cooperative ventures and wholly foreign-owned enterprises and develop some 1,000 enterprises with lateral ties at home. By the year 2000, the GNP there should quadruple on the basis of 1990.

Owing to above-mentioned excellent conditions, the speed of economic development in Shanghai will be achieved on the basis of good economic results and an export-oriented economy.

## Central-South Region

### Guangdong To Renew Grain Structural Reform in Apr

HK3103080392 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 28 Mar 92

[Excerpts] A new round of grain purchase and marketing structural reform is scheduled to start 1 April 1992.  
[passage omitted]

A recently issued provincial government circular stipulated: As of 1 April, except for agricultural tax and public owned grain, both of which will continue to remain under state control, all grain will be placed under a guidance purchase plan with average grain prices jointly guided by the provincial price and grain departments prior to each grain sowing season. Grass-roots grain operation departments will sign grain purchase contracts with the peasants concerned in accordance with a guidance grain purchase plan and relevant guidance grain prices. Urban and rural grain marketing prices will be

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determined by the city or county grain enterprises concerned in light of market grain prices and should be reported to the price departments at corresponding levels for the record.

After the grain price control is lifted, the state will continue to pay grain subsidies to both cadres and staff and workers in accordance with the 1991 state policy. The grain enterprises at all levels will carry out independent accounting and assume full responsibilities for their own profits and losses. After grain price control is lifted, the provincial, city, county, and town governments must each keep in stock not less than 1 billion kg of trade grain with an eye on regulating grain market relations and market grain prices. [passage omitted]

The provincial government called on governments and departments concerned at all levels across the province to adopt effective measures to stabilize the grain growing area; increase agricultural input; popularize scientific farming methods; optimize grain variety structure; orient grain production toward high quality, high yield, and high efficiency; guarantee the agricultural production means supply; prevent unbridled price hikes; strengthen grain market and grain price management; and ensure a smooth reform. [passage omitted]

**Shenzhen Secretary Says SEZ To Expand**

HK3103021092 Beijing ZHONGGUO XINWEN SHE  
in English 1540 GMT 30 Mar 92

[Text] Shenzhen, March 30 (CNS)—Shenzhen plans to extend the scale of its Special Economic Zone (SEZ) to cover the entire city including the whole of Baoan County while the existing SEZ is scheduled to be converted into a big bonded area, the Secretary of the Shenzhen Municipal Party Committee of the Communist Party of China, Mr Li Hao, said here today.

Mr Li, speaking in an interview with this agency, said that Shenzhen City covered the Shenzhen SEZ and Baoan County. With economic development, Baoan County, with villages as its dominant structure has been of little significance. Two proposals are available. The first is the turning of Baoan into a suburban district, becoming one or two districts of Shenzhen. The second is to make Baoan into a part of the SEZ. Such proposals, according to Mr Li had been endorsed by the Guangdong authorities and leaders concerned of the central authorities.

The current scale of the administrative lines governing entry into and departure from the SEZ would not be correspondingly extended for the time being in the future expanded Shenzhen SEZ, mainly because a change in the administrative lines involved many concrete matters, Mr Li said. He added that the Shenzhen authorities planned to improve the first and second administrative lines in the SEZ to develop the present SEZ into a grand bonded zone, while Baoan would employ the same administrative system as the present Shenzhen SEZ, becoming two different districts within the enlarged SEZ.

Enlargement of the SEZ, according to Mr Li, has many merits such as being beneficial for the planning of the entire economy and the city as well as for the administration of law and order. The leadership level of Baoan County will also be upgraded as a result while such enhancement will prompt Shenzhen's economic and cultural development along with the building up of democratic and legal system.

Baoan, in the event of its becoming part of the SEZ, will adopt various preferential policies as employed by the SEZ including the lowering of tax paid by enterprises to 15 percent, Mr Li said. He believed such a practice would further attract more foreign funds to prosper Shenzhen's economy.

**Hainan Secretary Interviewed on Yangpu Development**

HK3103040092 Hong Kong TA KUNG PAO in Chinese  
20 Mar 92 p 2

[“Newsletter from Beijing” by staff reporter Hsing Yu (06717 6877); “Great Prospects for Yangpu’s Development—Interview With Deng Hongxun, Secretary of Hainan Provincial CPC Committee”]

[Text] Beijing, 19 Mar (TA KUNG PAO)—The fact that the State Council recently approved the absorption of foreign capital to develop Hainan’s Yangpu is an important step taken by the Chinese Government to enlarge further the extent of openness and will play a vital role in the development of this, the largest special economic zone [SEZ] in China. It has, therefore, drawn widespread attention from people at home and abroad. For this reason, this reporter interviewed the secretary of the Hainan Provincial CPC Committee, Deng Hongxun.

**The Largest Development and Bonded Zone**

Deng Hongxun said: The Yangpu Development Zone is the largest of China’s development zones as well as its largest bonded zone. The state has adopted a more preferential policy for Yangpu than for any other mainland bonded area. The Yangpu Development Zone not only can have its own industry, but also finance, trade, transportation, tourism, and other tertiary industries such as services for everyday life. In addition to the production and service areas, it will also have a residential area, while other bonded areas can only develop productive projects without their corresponding tertiary industries. The Yangpu Development Zone, with an area of 30 square km, will be gradually developed into a medium-sized modern city.

**Use of Foreign Capital for Infrastructural Development**

Deng Hongxun said that Yangpu would be the first of the mainland’s development zones to attempt to use mainly foreign capital to proceed with infrastructural development. He said that infrastructural investment in the development zone would come to approximately 18 billion Hong Kong dollars. He estimated that the entire development plan would last 15 years.

### **Land Development Contract To Be Signed**

Deng Hongxun disclosed: The next job will be to negotiate and sign a land development contract with the Kumagai Gumi (Hong Kong) Company Limited for the development zone. Once the State Council has officially approved the contract, work can be officially started right away. The enterprises that will be set up in the zone will be technologically advanced export-oriented enterprises. However, their products must not bring repercussions to the markets of China, Hong Kong, and Macao.

Deng Hongxun believed that the development of Yangpu would play an exceedingly large role and would bring along the further development of the entire province of Hainan.

### **Seize the Very Good Opportunity**

Deng Hongxun said: Now is a good time for the development of Yangpu and the entire province of Hainan. First, a great fervor of reform and opening up is now sweeping across the country, supplying a comparatively good atmosphere for Hainan. Second, the Chinese Government attaches great importance to the development of the large SEZ of Hainan and is introducing many new reform and opening up proposals there first. Third, the development and construction of Hainan since it was founded as a province has laid a foundation for its future development. In particular, it has seen a considerable improvement in its investment environment.

### **Power Supply and Traffic Have Improved Considerably**

He disclosed: At present, Hainan has a power surplus of 200,000 kilowatts. It was once short of electricity, but now has a surplus. A hydroelectric capacity of 240,000-kilowatt is being installed at present and will be put into operation at the end of next year. Six major ports are now being transformed and enlarged at a quicker pace. The passenger handling capacity of the Haikou Airport now ranks seventh in China. The planning and construction of the Sanya International Airport is being stepped up. The construction of an expressway in the eastern part of the province is now in full swing. Next year, the province will have a post and telecommunications network which will be one of the most advanced in China. Speaking on intangibles, he said that Hainan will further improve the operational mechanisms of enterprises, enlarge the joint stock system in enterprises on an experimental basis, and introduce competitive mechanisms into the personnel, labor, cadre, and distribution systems. Moreover, Hainan will improve the market system and set up a healthy means of production market, money market, science and technology market, labor market, and so forth. Except for some prices, the official and market prices of the means of production will be thoroughly unified. Moreover, Hainan will further improve the "small government, big society" system and the social security system to create conditions for the development of the commodity economy.

### **Large Enterprises To Be Initiated**

Deng Hongxun maintained that the economy of the SEZ should develop outside the normal law. Last year, the province's total industrial and agricultural output had an increase of 16.5 percent. In addition to the eye-catching imminent initiation of the Yangpu development plan, Hainan has also constructed a number of industrial areas, tourist development areas, and township and town industrial development areas. He disclosed: This year, using its own resources, Hainan will develop a number of large and medium industrial enterprises, including a number of factories which will produce 300,000 tonnes of synthetic gas, 520,000 tonnes of urea, 350,000 tonnes of iron and steel, 100,000 tonnes of cold-rolled sheet metal, 800,000 tonnes of cement, and 40,000 tonnes of polyester pieces annually. The preparatory work for these large and medium projects is now in full swing and will be initiated within the year.

Deng Hongxun places great hopes on the development and construction of the large SEZ in Hainan.

### **HUNAN RIBAO Urges More Thought Liberation**

*HK3003120992 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 25 Mar 92*

[HUNAN RIBAO's 26 March Editorial: "Carry on In-Depth Mass Discussion on Further Emancipation of the Mind"]

[Excerpt] The provincial party committee decided to hold intensive and large-scale discussions on further emancipating the mind within leading bodies at county level and above across the province. This is a major event. All localities must take a prompt and firm grip on the matter and try to achieve fruitful results. For the masses, ideology plays a vanguard role. China's reform and opening, economic development, and social progress followed emancipation of the mind. Developments following the Third Plenary Session of the 11th CPC Central Committee fully proved this point. But for discussions on the criterion of truth which greatly promoted emancipation of the mind, there would have been no reform and opening over the last 10 years and less and no continued economic development and rapid social progress.

Today our country is encountering an excellent opportunity for development. We must seize this opportunity and redouble our efforts to push our economy to a new height. This requires that we further free ourselves from old ideas, act bolder, further break with conventions, take faster steps in the course of reform and opening. As far as Hunan is concerned, there are still some ideas binding us hand and foot for various reasons. Therefore it is more urgent and important for us to further emancipate our minds.

The key to emancipating the mind lies in the leadership. How comrades in leading bodies, especially leading cadres, have emancipated their minds has a great impact

on the development and progress of a locality and a unit. Hence it is extremely necessary and timely to hold large-scale discussions on further emancipating the mind within the leading bodies at the county level and above. During the discussion, participants are expected to conscientiously study the important documents issued by the CPC Central Committee and a series of important expositions about building socialism with Chinese characteristics advanced by Comrade Deng Xiaoping to profoundly grasp their essence, to conduct self-education by applying the essence to their thinking and work, and to improve themselves by evaluating their experience guided by the essence, so they will free themselves from old ideas, unite as one, and display the spirit of fighting to win to expedite reform and opening and economic development.

As things stand now in Hunan, we should make concentrated efforts to solve ideological problems in four respects through large-scale discussion.

1. Solve the ideological problem of fearing to use things in capitalist countries which are useful to us. Whether a thing is conducive to developing socialist productive forces, increasing the overall national strength of a socialist country, and improving the people's living standards should become a primary criterion for determining whether it is surnamed socialist or capitalist. We should boldly experiment with and have a try at those things which can help us in these three aspects.

2. Solve the ideological problem of some comrades who believe left deviation is better than right deviation so they prefer being left to the right. We should be aware that either left or right deviation is dangerous to us. Either can ruin socialism. We should guard against right deviation and, mainly, left deviation.

3. Solve the ideological problem of some cadres who dare not boldly develop the economy through the use of market forces. We should understand that both planning and market regulation are economic means. Paying greater attention to planning or to market regulation cannot show the essential difference between socialism and capitalism. The essential nature of socialism is that it facilitates liberation and development of productive forces and elimination of the system of exploitation and polarization so as to achieve common prosperity in the end.

4. Solve the ideological problem of some comrades who are afraid of running risks and are content with things as they are. It is necessary for us to overcome ideological shortcomings such as paying undue emphasis on maintaining stability, being afraid of disturbing the existing order and of making mistakes, not striving for progress, and being inert because of fear and pessimism. In the course of reform and opening we should display the spirit of daring to blaze a trail, try, and act. [passage omitted]

## Southwest Region

### Liu Zhengwei Attends Signing Ceremony 26 Feb

HK3103014892 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 26 Mar 92

[Text] In the afternoon of 26 February, the Chinese Academy of Sciences and Guizhou Provincial People's Government reached an agreement on cooperation in scientific and technological development. Recently, Zhou Guangzhao, president of the Chinese Academy of Sciences, and his entourage arrived in our province for inspection and seriously discussed the issue of cooperation in scientific and technological development with our province's relevant quarters. The Chinese Academy of Sciences and the provincial people's government decided to carry out long-term cooperation in scientific and technological development. The Chinese Academy of Sciences will give full play to its scientific and technological strong points, especially the comprehensive strong point in high and new technologies; taking into consideration the situation of Guizhou Province, and through various styles such as scientific and technological consultation, training of personnel, transfer of results, joint efforts in making breakthroughs, joint explorations, and jointly running factories, it will promote economic development in our province. In a planned manner, both sides will actively launch cooperation in manufacturing new products such as coal-related and sulfur-related chemical industrial products, and the application of relevant new technologies. Both will launch cooperation in exploring and applying new technologies for the fine-grain development of gold mine resources, and both will launch cooperation in ecological and agricultural research in parks and mountainous areas for demonstration purpose and the comprehensive exploration and harnessing of the river valley. In the area of high and new technologies, they will carry out extensive cooperation. The Chinese Academy of Sciences will utilize its own personnel and academic strong points to help our province build key laboratories and research institutes with Guizhou characteristics, and to help us train a number of young and middle-aged professional and academic leaders.

Zhou Guangzhao, president of the Chinese Academy of Sciences, and Wang Chaowen, governor of Guizhou, signed their names to the agreement on behalf of the two sides.

Provincial party and government leaders, including Liu Zhengwei [provincial party secretary], Fu Renzhong, Zhang Shukui, Gong Xianyong, and persons in charge of work units at the Chinese Academy of Sciences attended the signing ceremony.

### Yang Rudai Attends Supervisory Meeting 24 Mar

HK3103045692 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 25 Mar 92

[Text] Yesterday, 12 provincial supervisory departments held a joint meeting in Chengdu to exchange ideas and

views on how they can serve the deepening of reform, opening up, and speedier economic development. Vice Governor Xie Shijie presided over the meeting. Provincial CPC Secretary Yang Rudai; Yang Chonghui, Standing Committee member of the provincial CPC committee and secretary of provincial discipline inspection commission; Ren Lingyun, president of the provincial higher people's court; and Gong Dulun, chief procurator of the provincial people's procuratorate, attended the meeting.

At the meeting, the persons in charge of various supervisory departments generally held that supervisory departments should further enhance the sense of reform and opening up and strive to create good conditions for reform and opening up; that they should be more courageous in supporting reform and opening up; and that they should boldly support and try out issues which they deem right. Comrades in charge of provincial judicial and public security sections said that law enforcement work must suit the new situation, follow the pace of reform and opening up, play its role, and provide effective legal protection and service. The comrades in charge of departments responsible for supervising industry, commerce, taxation, audit, land, and prices, made speeches and said that it is necessary to further emancipate minds, renew concepts, and create better conditions for the province to attract foreign-funded enterprises, develop an export-oriented economy, and make breakthroughs in opening up to the outside world. Comrades in charge of discipline inspection and supervision departments have already said that for those who make certain mistakes in the course of bold experiments, we must enthusiastically help them to sum up experiences and distinguish right from wrong so as to deepen reform and expedite economic construction.

After listening to opinions from various departments, Comrade Yang Rudai pointed out that at present, we must treat the study of Comrade Deng Xiaoping's speeches as a matter of prime importance, and through study, improve our understanding of the basic line of "one center, two basic points." Comrade Yang Rudai said that after we have enhanced our understanding, we should carry out action; that in reform and opening, economic crimes and ugly phenomena are inevitable and that we must crack down on them, but law enforcement and supervisory departments should consider the actual situation, properly solve the problem of crime or not crime, properly handle relations between management and service, and distinguish which they should manage and which they should not. For those they should manage, they must manage well. During practice, be innovative and a real supporter of reform; an advocate of exploration; a helper to those who make mistake; one who investigates and punishes those who abuse power for private ends and violate laws and discipline; and provide service by doing the work in supervision and inspection.

### Sichuan Fights Corruption, Economic Crimes

HK3103034992 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 25 Mar 92

[Excerpt] This year is the 10th anniversary of the issuance of the CPC Central Committee document on further cracking down on lawbreaking and criminal activities in the economic domain, and of the National People's Congress and State Council decision on severely punishing criminals who seriously disrupt the economy. In the past 10 years, various procuratorial organs in our province viewed the crackdown on economic crimes, centering on anticorruption and antibribery, as a major task. The province filed more than 20,000 cases of economic crimes, such as corruption and bribery, for investigation and prosecution, involving more than 30,000 people. In particular, in the three years since 1989, over 4,000 cases were handled each year. In these three years, over 13,000 cases were filed for investigation and prosecution, involving more than 16,000 people, among which 6,000 were corruption cases, and 3,000 were bribery cases. These two kinds of cases accounted for 74 percent of the total. Over 4,300 major cases involving more than 10,000 yuan were handled. In addition, 190 cases of embezzlement of public funds, 978 cases of tax evasion and default, and 84 cases of fake trademarks were handled. Among those involved in the cases handled, 178 were county-level cadres, eight were departmental-level cadres, and more than 2,000 were party members. [passage omitted]

### North Region

#### Chen Xitong on 'Differences' Among Leaders

HK2703010492 Hong Kong TUNG FANG JIH PAO in Chinese 26 Mar 92 p 11

[("Special dispatch" from Beijing by special correspondent Tseng Li-chen (2582 0251 3791): "Beijing Mayor Chen Xitong Admits That Differences of Opinion in Leadership Stratum Occur Very Often, but Consensus Is Reached Through Discussion"]

[Text] Under the power of Whirlwind Deng, the thinking of the whole of China is unified in keeping with the spirit of the remarks he made during his southern China tour, but Beijing Mayor Chen Xitong admitted on Wednesday that there are times when opinion is split in the leadership stratum. He said that this is nothing abnormal. When interviewed by this reporter, Chen Xitong said that the differences of opinion occur quite often and afterward consensus is reached through discussion. This is a normal phenomenon.

When asked whether leading officials hold different opinions on Deng Xiaoping's talks, Chen Xitong said that they are now building socialism with Chinese characteristics in the very spirit of Deng Xiaoping's talks and that they are sparing no effort to unite as one and strive to boost Beijing's situation.

He said: Beijing is now very stable and the people are living and working in contentment. There is no need to oppose the existing government. As to the forthcoming 5 April Grave-Visiting Day, a highly sensitive day, Chen Xitong said that people visiting graves, as is the custom in China, could not be more normal, and there is nothing to be surprised at. Since the 4 June incident, the authorities have invariably closed or occupied Tiananmen Square on this or other sensitive days, for fear of disturbance. Chen Xitong said that he had no idea what would happen on the square that day. But he hinted that the authorities might once again occupy the square. He said: If there is some activity, the passing motor vehicles have to stop. It is very normal to have some activity.

The fate of Chen Xitong, who is considered to be a conservative, has always been the object of much attention. When speaking on personnel changes, Chen Xitong said that as a Communist Party member, he will obey the arrangements made by his organization.

### **Beijing Holds Propaganda Department Head Meeting**

*SK3103115792 Beijing BEIJING RIBAO in Chinese  
17 Feb 92 p 1*

[By reporter Sun Yushan (1327 3768 1472): "Ideological and Propaganda Work Should Be Carried Out by Comprehensively Implementing the Party's Basic Line and Should Be More Helpful in Promoting and Serving Economic Construction and Reforms"]

[Text] The municipal meeting of propaganda department directors was held 14-15 February. The meeting stressed: Comrades on the ideological and propaganda fronts should comprehensively and accurately implement the basic line that focuses on "one central task and two basic points," more consciously persist in taking economic construction as the central task, combine the propaganda and education on adherence to the four cardinal principles with reforms and opening up, create a more advantageous ideological and political environment for the capital's rapid economic development and comprehensive social progress, and greet the convocation of the 14th party congress and the seventh municipal party congress with outstanding achievements.

Wang Guang, deputy secretary of the municipal party committee, presided over the meeting. Li Zhiqian, member of the Standing Committee of the municipal party committee and director of the Propaganda Department, relayed the guidelines of the national conference of propaganda department directors and devised plans for this year's municipal propaganda work.

The participants reviewed last year's propaganda work and maintained that under the guidance of the correct policies of the central authorities and the direct leadership of the municipal party committee, comrades on the municipal ideological and propaganda fronts had conscientiously implemented the party's basic line; strengthened propaganda on the economy, reforms and opening

up; universally and deeply conducted socialist ideological education in the rural and urban areas; carried out education on opposing bourgeois liberalization and peaceful evolution at all levels; and played an active role in safeguarding social and political stability in the capital and promoting economic construction, reforms, and opening up. The orientation of ideological and propaganda work was correct and the achievements were great. We should sum up experience, enhance spirit, redouble efforts, and advance continuously.

Wang Guang said: Comprehensively implementing the party's basic line focusing on economic construction and adhering to the four cardinal principles, reforms, and opening up; unswervingly following the road of building socialism with Chinese characteristics advocated by Comrade Deng Xiaoping; further emancipating minds, making bold explorations; improving work style; working in a down-to-earth manner; accelerating the pace of reforms and opening up; and promoting a rapid economic development and comprehensive social progress are the whole party's work principles and the central task. In doing ideological and propaganda work, we should submit ourselves to and serve this central task with a greater consciousness and initiative.

Wang Guang analyzed the current favorable international and domestic situations and called on the participants to raise their spirit even more and accomplish something. He also pointed out: We should view the situation with the doctrine that everything has two aspects, not just one aspect. It is necessary to recognize both the favorable and the unfavorable aspects. Only thus can we grasp this opportunity with a clearer mind, make use of the contradictions, be flexible, and unceasingly expand our own strength. Wang Guang stressed: The theory and line advocated by Comrade Deng Xiaoping on building a socialist road with Chinese characteristics will make the people rich and the country strong and is the lifeline of the party and the country. We must implement it unswervingly and not waver in the slightest degree. We should further emancipate our minds, be bolder, and make bigger strides in reforms and opening to the outside world in an effort to promote quicker and better economic construction in the capital. He also stressed: The more we quicken the pace of economic construction, reforms, and opening up, the more we should conscientiously implement the principle of "grasping the work with two hands." We must not slacken our efforts in party building, ideological and political work, and the building of socialist spiritual civilization. We should grasp this work with two hands and not with just one hand and should achieve proper coordination. Only thus can we do a better job in taking economic construction as the central task, deepen reforms, expand opening up, and promote a rapid development in the capital's modernization construction cause.

Wang Guang said: As for leadership method, first we should pay attention to unifying thinking, and second, to the firm implementation of the work. These are the two

major links in making this year's work a success. In terms of making work arrangements and organizing implementation, we must have priorities; carry out the work at various levels; adopt measures according to different cases; comprehensively implement the principle of mainly stressing unity, stability, and boosting of enthusiasm, and conducting propaganda with positive examples; and strive to raise the quality of ideological and propaganda work. In building contingents and leading bodies, we must adhere to the criteria of selecting cadres with both ability and political integrity and the principle of combining the efforts of old and new cadres, and enable leaders of this extremely important ideological and propaganda front to become stronger, the work to have successors, and the contingents to have stronger fighting capacity.

**Congress Meeting Examines Public Security Work**

SK3003233092 Beijing BEIJING RIBAO in Chinese  
15 Feb 92 p 1

[By reporter Zhang Yabin (1728 7161 6333): "The Meeting of the Municipal People's Congress Standing Committee Examines Public Security Work"]

[Excerpt] The 32nd meeting of the municipal People's Congress Standing Committee listened to the report made by Assistant Mayor Li Runwu on handling the motion regarding "strengthening the comprehensive effort to improve the capital's public security," and examined the municipality's work concerning public security management. This meeting concluded on 14 February.

Since the "Capital's Commission for Comprehensive Management of Public Security" was established last April, the municipality as a whole has done a great deal of work to improve public security in line with the principle of paying equal attention to striking against and preventing crimes and the principle of handling a case by looking into both its root cause and symptoms, focusing on symptoms. Li Runwu said: Last year the municipality gave top priority to dealing blows against crime and launched in succession the campaign of dealing blows against robbery and motor vehicle theft, the campaign of screening private house rents and dealing blows against criminals from other places, and the campaign of struggling against robbery and theft. Last year, the municipality cracked a total of 12,279 criminal cases, an increase of 39.5 percent over the previous year, arrested a number of unlawful and criminal elements, captured 31.388 million yuan worth of illicit money and stolen goods, and confiscated 25,000 stolen bicycles for the masses, thus bringing the upward trend of criminal cases under control to a certain degree.

During the campaign of eliminating the six vices, the municipality as a whole arrested 1,720 persons engaged in prostitution or patronizing prostitutes, eliminated 92 prostitution groups and brothels, captured a number of obscene articles, ferreted out 497 gambling cases involving more than 30,000 persons, eliminated 395 gambling groups, confiscated some 96,500 in yuan in gambling money, cracked 25 narcotics cases, accepted and handled 30 cases concerning the abduction and trading of women and children, and saved 40 women and 10 children who were abducted and sold. [passage omitted]

**Zhejiang Regulations on Compatriots' Investments**

*HK3103080092 Beijing XINHUA Hong Kong Service  
in Chinese 0126 GMT 23 Mar 92*

[By reporter Xu Jinglong (6079 0079 7893): "Zhejiang Province Formulates New Supplementary Regulations To Encourage Taiwan Compatriots' Investment in Province"]

[Text] Hangzhou, 23 Mar (XINHUA)—On the basis of the "State Council's Regulations on Encouraging Taiwan Compatriots' Investment" and in light of the actual situation of Zhejiang, the Zhejiang provincial people's government recently formulated new supplementary regulations consisting of 22 articles and put them into effect. The main contents of these "regulations" are:

Taiwan investors are encouraged to invest in basic industries, including agriculture, energy resources, communications, and raw materials, and infrastructural facilities; they are encouraged to carry on technological transformation with the existing enterprises with joint capital or cooperatively; they are encouraged to run enterprises whose products are to be exported or enterprises with advanced technology; they are encouraged to develop and operate large-area land according to the state relevant regulations.

The "regulations" also make a series of preferential provisions concerning taxes, including the charge of land use to be payable by the Taiwan compatriots-funded enterprises.

**Shanghai Paper Cited on Taiwan 'Crime Syndicates'**

*HK2903080392 Hong Kong AFP in English 0736 GMT  
29 March 92*

[Text] Beijing, March 29 (AFP)—Taiwan crime syndicates have set up operations in China's coastal areas in the past five years and pose a serious threat to the mainland's security, a Shanghai legal journal has said.

"Taiwan authorities have cracked down on organized crime in the past few years and many underworld elements have crossed the Taiwan Strait and plotted with mainland criminals," the official Shanghai Legal News said.

"This has become a time bomb for the mainland's coastal areas," the newspaper said in its March 26 edition, received here Sunday [29 Mar].

"Leaders of Taiwan organized crime have become 'Taiwan businessmen' keen on investing in the mainland," it said. "Some of them are treated as VIPs. Their contact networks are very large."

The syndicates—including the Bamboo Union and Four Seas—have set up business in China in prostitution, gun running and smuggling through an "underground railway of the sea" between the two sides, the report said.

It cited an internal circular issued by police in Xiamen Special Economic Zone on the southeastern coast directly across from Taiwan.

"The number of Taiwan organized crime elements secretly coming to the city has increased rapidly in recent years," the circular said. "The great majority of these people came to the mainland after committing crimes, illegally entering the mainland through various channels and coming to Xiamen to hide out."

The Taiwan syndicates' smuggling activities had "reached extremely serious levels," the newspaper said, and included contraband cigarettes, pornography, cultural relics and endangered animals bound for Taiwan restaurant tables.

Chinese authorities have also confiscated large sums of fake mainland currency printed by Taiwan gangs, the report added.

The journal urged better cooperation between judicial officials, but warned that "even if the police authorities on the two sides have close and honest cooperation it will not be easy to eliminate these crime dens."

Taiwan has refused to have official contact with China since 1949, when the communists won a civil war and drove the Kuomintang onto the island.

Taipei began allowing its citizens to visit family in China in November 1987, opening the door to tourism and investment here on the mainland. Some five million Taiwan residents have visited China since then.

**Nicaraguan Lawmaker Set To Visit 6 Apr**  
*OW3103084692 Taipei CNA in English 0807 GMT  
31 Mar 92*

[Text] Taipei, March 31 (CNA)—Adolfo Jose Jarquin, president of the External Relations Committee of the Congress of Nicaragua, is scheduled to arrive in Taipei April 6 for a week-long visit.

Jarquin, the first Nicaraguan lawmaker to visit the Republic of China since President Violeta Barrios de Chamorro visited Taipei in early March, will call at the Legislative Yuan to better understand Taiwan's legislative operations and to exchange views with Chinese legislators.

During his stay, Jarquin will also visit the Ministry of Foreign Affairs and tour cultural and economic institutions.

**Latest Count on Cross-Strait Investments**  
*OW3103090192 Taipei CNA in English 0825 GMT  
31 Mar 92*

[Text] Taipei, March 31 (CNA)—Taiwan businessmen have poured more than \$3 billion into mainland China for various investment projects over the past few years, according to an authoritative mainland statistical report.

The amount nearly quadruples the Republic of China government's estimate of \$800 million, Economics Ministry officials said.

The mainland report said the number of Taiwan-funded ventures on the mainland is roughly estimated at 3,000, also higher than Taiwan's official tally of about 2,500.

The mainland statistics show that most Taiwan-owned ventures are located in coastal southeastern China, with Guangdong Province topping the list of popular investment destinations.

There are currently more than 1,000 Taiwan-run firms in Guangdong, with an aggregate capitalization of \$1.2 billion or 35 percent of the total Taiwan capital funneled into the mainland, the report said.

Wealthy Taiwan investors are playing an increasingly important role in Guangdong's business communities, particularly in such booming industrial cities as Shenzhen, Shantou, Dongwan, Guangzhou, Foushan and Zhuhai, according to the report.

Fujian Province trailed behind with some \$1.1 billion of Taiwan capital or 31.5 percent of the total. Taiwan-funded ventures there, numbering some 1,000, are concentrated in Xiamen, Fuchow, Putien, Longhai, Zhangchow and Nan'an.

Shanghai, mainland's largest city, is home to some 200 Taiwan-operated companies, with a combined capitalization of \$400 million.

Zhejiang Province accommodates 155 Taiwan-owned ventures, with paid-in capital totaling more than \$100 million.

Most Taiwan money has flowed into such labor-intensive industries as textiles, shoe-making, electronics, toys, umbrellas, building materials, chemicals and machinery. Eel-raising is also a popular line of business for Taiwan investors operating on the mainland.

At present, Taiwan entrepreneurs are allowed to indirectly invest in the manufacture of 3,737 kinds of merchandise on the mainland.

**Milestone Predicted in Aerospace Satellite Plan**  
*OW3103084592 Taipei CNA in English 0813 GMT  
31 Mar 92*

[Text] Taipei, March 31 (CNA)—The Republic of China's aerospace science development will reach a milestone when the specifications of the country's first satellite are set in May, 1993, an official of the Aerospace Planning Department of the National Science Council (NSC) said Monday.

He said the TRW Aerospace Company of the United States has signed a contract with the NSC to help make an engineering support plan for the satellite system.

The NSC is carrying out a 15-year satellite development plan, under which a satellite will be built in the sixth year, and one small satellite will be launched each in the 10th and 15th year.

Under the NT [New Taiwan] \$13.5 billion (\$527 million) plan, the NSC will concentrate its efforts on the design, manufacture, and use of the satellite system, and leave the satellite-launching work to foreign aerospace companies, he said.

**Economics Ministry To Strengthen Development Role**  
*OW3103085092 Taipei CNA in English 0817 GMT  
31 Mar 92*

[Text] Taipei, March 31 (CNA)—The Ministry of Economic Affairs will strengthen its role in the country's long-term economic development, Vice Economic Affairs Minister P.K. Chiang said Monday.

"The ministry will give its top priority to formulating the country's long-term trade and industrial development policy and strategy," Chiang said.

Japan's powerful Ministry of International Trade and Industry, for instance, announces its policies on different industries once every 10 years. "The move enables private Japanese corporates to chart their own long-term business development plans and strategies," Chiang noted.

He also outlined the ministry's future policy goals and development strategies:

—Offering all sorts of incentives to encourage Taiwan companies to upgrade production technologies in order to turn the island into a high-tech industry hub. Promoting exports of high value-added products and modernizing the service sector.

Improving the general investment climate and renovating transportation and telecommunications facilities in order to attract foreign investors, particularly multi-national conglomerates.

If these goals can be realized, Chiang said, Taiwan will be able to transform itself from being an island economy to a regional economic powerhouse.

#### **OCAC Studies Overseas Chinese Election Rights**

*OW3103084792 Taipei CNA in English 08:0 GMT  
31 Mar 92*

[Text] Taipei, March 31 (CNA)—Tseng Kwang-shun, chairman of Overseas Chinese Affairs Commission

(OCAC), said Monday that the government will take a close look at problems concerning the right of Overseas Chinese to elect the president and vice president of the Republic of China.

Under the current constitution of the Republic of China, Overseas Chinese exercise their right to elect the two top government leaders through their delegates to the National Assembly.

But the constitution will be revised before mid-1995 to allow direct election of the two government leaders by the constituents. The questions of whether Overseas Chinese will still be eligible to vote, how to define eligible Overseas Chinese voters, and how to let them cast their ballots have come under public attention.

Tseng said the OCAC will take a close look at all related problems and map out a comprehensive plan to solve them. "We have plenty of time to do it well," he added.

## Hong Kong

### Further Reportage Views Black List Allegations

#### Spokesman Cites 'Ulterior Motives'

OW3003141392 Beijing XINHUA in English  
1402 GMT 30 Mar 92

[Text] Beijing, March 30 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that those who spread the rumour that the Chinese government had blacklisted some people in Hong Kong actually harbored ulterior motives.

The spokesman made the statement when asked to comment on a report by the SOUTH CHINA MORNING POST in Hong Kong on March 30 that Feng Baosheng had already denied the report that he had ever provided the British intelligence agency with any information about a so-called black list.

The spokesman noted that in the past few days, certain foreign newspapers and news agencies spread reports saying that it was learned from somebody who defected from the Chinese Embassy in Britain that the Chinese government had a black list of several hundred people in Hong Kong who would be arrested after 1997.

"But it has been learned that that person himself has already denied the reports," he said. "Those who spread such a rumour actually harbored nothing but ulterior motives," the spokesman added.

#### Mainland Police 'Collecting' Information

HK3103083792 Hong Kong AFP in English 0744 GMT  
31 March 92

[Text] Beijing, March 31 (AFP)—The chief of China's extensive police network acknowledged Tuesday that his forces were collecting information on Hong Kong, but denied compiling a blacklist of potential troublemakers.

"We are paying attention to and researching the problems of Hong Kong," Public Security Minister Tao Siju said. "That includes the problems of criminal cases, public order and underworld organizations."

Tao denied that his ministry had compiled a blacklist of Hong Kong troublemakers who would be targeted for arrest after the British colony reverted to China in 1997, as reported by Britain's Sunday Express.

The foreign ministry issued a statement Monday also denying the report, saying "those who spread such a rumor actually harbored nothing but ulterior motives."

Tao said that Beijing was also studying the methods and organization of the British colony's police force.

"This is not exceptional," he told reporters. "We pay special attention to all neighboring countries and territories because issues often apply to both sides."

Tao did not say how such information would be used, but China has arrested hundreds of political dissidents on criminal charges in the past.

He said Beijing was considering the release of two Hong Kong men who were jailed for allegedly helping Chinese dissidents flee the country after the 1989 Tiananmen Square crackdown.

Lai Pui-shing and Li Long-ching were sentenced to prison last year for allegedly trying to smuggle leading dissidents Wang Juntao and Chen Ziming out of China.

A third Hong Kong man involved in the attempted escape, businessman Luo Hai-xing, was released last September.

#### Defector Affair 'More Complicated'

HK3103083892 Hong Kong MING PAO in Chinese  
31 Mar 92 p 3

[“Special Dispatch” from Britain by staff reporter Chiang I-chiao (5592 0001 2884): “Defecting Diplomat Feng Baosheng Affair Has Become More and More Complicated”]

[Text] The defection of Feng Baosheng, first secretary at the Chinese Embassy in Britain, who has asked the British Government for political asylum, is becoming more complicated because of extensive coverage in major British papers, the initiative the Chinese Embassy took in clarification, and the appearance of a third party in the alleged Feng Baosheng's extra-marital relations. The actual state of affairs may never come to light.

It is reported that Feng Baosheng had been a cadre of the Wuhan City Government Foreign Affairs Office and was transferred to the Chinese Embassy in Britain two years ago to take up a post as the embassy's deputy director of the general office, which is equivalent to deputy section head but, externally, bears the title of first secretary. Personnel of CPC diplomatic missions and embassies stationed in foreign countries are originally transferred, without exception, by the Ministry of Foreign Affairs from staff working in Beijing. Thanks to the gradual growth of economic strength in the localities in recent years, however, local cadres—who formerly had no opportunity to go abroad—have tried in many ways to obtain some quotas to become foreign affairs personnel stationed abroad. That is why Feng Baosheng, a former Wuhan foreign affairs cadre, was sent to Britain to take charge of the logistics work in the embassy, a house-keeping capacity which takes care of the embassy personnel's vehicles, arranges accommodation for mainland personnel visiting Britain, and so on.

According to a source who has close ties with the Chinese embassy, Feng Baosheng has been on intimate terms with people over the past two years. But, during the period after he was transferred to work in the consulate's visa section, he regarded himself demoted and expressed

resentment. Afterward, he was restored to his original position as deputy section head of the general office.

Feng Baosheng, 39, was on familiar terms with a woman before his marriage. After getting married to an Englishman and coming to Britain, the woman continued to associate with Feng and had an abortion after becoming pregnant. Feng's wife saw through the matter and complained many times to the upper level of the embassy, asking to be transferred back to China. Her request was approved by the embassy and preparations were made for their return ahead of schedule. People little expected that he defected and left the embassy.

The embassy attributed Feng's leaving to his extra-marital affairs and claimed that it had nothing to do with politics, but it failed to explain satisfactorily why Feng's wife disappeared with him. The couple admitted their secret membership through the Federation of Autonomous Workers, saying that they sought asylum for political reasons, and refusing to make comments on the alleged extra-marital affairs.

The British SUNDAY EXPRESS and SUNDAY MAIL suddenly reported, however, that Feng had been questioned by British intelligence, MI6, and had submitted a list of China's covert workers in Britain and disclosed the names of several hundred Hong Kong people "who will hinder the CPC's administration in Hong Kong" and will be arrested after 1997. This has cast an even more mysterious shadow of an espionage nature on the case. Feng himself promptly denied that he had met officials from MI6 and the embassy claimed it had not heard of any arrest-list. The British Ministry of Foreign Affairs would not comment on it, saying that the report was based on conjecture. The British side, however, has taken some actions on its own initiative in the Feng Baosheng case.

According to a source who has access to the British intelligence department, the reports in the aforementioned two newspapers was "absolutely not fabricated," but "it really happened." Strictly speaking, Feng was right to say that he had never met officials from MI6 but its personnel spread throughout the major authorities, including the Home Office and the police with "top skills" in interrogation.

The reports in the above-mentioned British newspapers were said to be intentional disclosures from the authorities aimed at telling China that Britain is in possession of some kind of intelligence and hopes that China will "behave itself." The reports of plans to arrest Hong Kong people—whether true or not—should also be placed at this level of understanding. It has been learned that a considerable number of people who have obtained right of residence in Britain are "engaged in sensitive work," the authorities hope that they will remain in Hong Kong at that time and that their personal security will not be threatened. In short, the event has as many editions as "Rashomon" [the title of a Japanese film directed by Akira Kurosawa], which is unprecedented.

### Officials Discuss Central Bank Issue in London

HK2903012492 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English 29 Mar 92 p 1

[By Eva To]

[Text] Exchange fund director Joseph Yam Chi-kwong is believed to be consulting the Bank of England in London over plans for a central monetary authority in Hong Kong.

His visit is the latest in a series of moves which indicate the Government is close to establishing the regulatory body. The role of central banker has traditionally been played by the Hongkong Bank.

The trip to London is officially described as a holiday but Secretary for Monetary Affairs Mr David Nendick disclosed that Mr Yam would be meeting with Bank of England officials while there but would not comment on the content of the talks.

"They are the big boys," he said. "There is nothing unusual about consulting them on changes, as we always do when we pass by London."

Sources expect the authority to be unveiled within the next few months and point to the postponement of Mr Nendick's retirement—from March to July—as an indication of the timing of the move.

In an interview with SUNDAY MONEY last week Mr Nendick acknowledged for the first time that the Government has already taken over most of the central banking roles.

"In recent years we have taken over a quasi central banking role which has monetary or economic significance—the creation of liquidity within the banking system, the lender of last resort and intervention in the foreign exchange market," Mr Nendick said. "They are all important quasi central banking functions."

Asked directly if the Government was about to set up a monetary authority he replied: "I'm not going to confirm or deny it."

He said the Government discussed with Beijing the consequences of what it was doing so Beijing would understand its action and not have any concern Hong Kong that was being destabilised.

On the question of merging the Banking Commissioner's office with the Exchange Fund, Mr Nendick said: "It is always a possibility. It is always under review."

The Government has previously vehemently denied any interest in strengthening its central banking functions.

The radical change in tone comes hot on the heels of Hongkong Bank's plan to acquire Britain's Midland Bank, a move which would shift over half of the group's assets to Europe, greatly loosening its ties to Hong Kong.

The move has sparked a public outcry and critics, including Legco [Legislative Council] banking representative Mr David Li Kwok-po, advocate an end to what is seen as the bank's privileges. These include a seat on the Executive Council, shared leadership of the Hong Kong Association of Banks and membership of key advisory committees.

But Mr Nendick said he believed the critics were shooting at an illusion.

In 1988 the Government moved to deprive the bank of the power to create interbank liquidity—its greatest asset according to Mr Nendick.

"We have taken away the economic consequences of being able to create money. That quasi central banking function is now with the Government, not with the bank," he said.

However, Hongkong Bank will not be stripped of its note-issuing function.

Mr Nendick said note-issuing, clearing and the role of Government banker were not crucial to control over the monetary system and the Government was not interested in taking them over.

He said all monetary power of significance was already in the hands of the Government and whatever functions were still contracted to the private sector would probably remain there.

According to Mr Nendick, the bank's role as a note-issuer is equally harmless. He said that with the exception of one brief interlude since the 1930s, all note-issuers had to back their issues with foreign currencies—with U.S. dollars since 1983.

Under this arrangement, the public faces no risk over the bank's credit-worthiness because all issues are backed by the equivalent in U.S. dollars—at \$7.8 to U.S.\$1 since 1983. The amount is deposited with the Exchange Fund.

The back-up deposit is not interest-bearing so issuers lose the potential interest gain. Mr Nendick said the amount involved was substantial, so much so that even though the Government paid the cost of printing most of the territory's banknotes, the bill only amounted to a fraction of the profit from back-up deposits.

Hongkong Bank issues about 85 percent of the Hong Kong dollars in circulation. Standard Chartered Bank issues the rest.

"They (the banks) are no more than an agent for us," Mr Nendick said.

Although Hongkong Bank has come to the rescue of troubled banks in many crises, Mr Nendick said it had stopped being a white knight for the past 10 years, since the Government itself bailed out Hang Lung Bank.

"The emergency credit lines which the bank gave (since 1983) were guaranteed by the Exchange Fund. It was merely carrying out a function on our behalf," Mr Nendick said.

"It was risk-free as far as the bank was concerned. I don't call that a lender of the last resort."

He said the help Hongkng Bank offered to Standard Chartered last summer was based on commercial terms.

Hongkong Bank remained the Government's key banker, but Mr Nendick said this was so because the bank far outpaced others in terms of scale and services.

There are plans for the Exchange Fund to take on board a discount window function to provide cash-strapped banks with short-term emergency funds.

#### Territory To Guarantee Foreign Investor Rights

HK2903025292 Hong Kong SOUTH CHINA  
SUNDAY MORNING POST in English 29 Mar 92 p 2

[By political correspondent Danny Gittings]

[Text] China has given the go-ahead for Hong Kong to sign its first accord guaranteeing the rights of foreign investors after 1997.

The breakthrough—yet to be officially announced—came during last week's session of the Sino-British Joint Liaison Group (JLG), when Beijing signalled its approval for a draft agreement with the Netherlands.

The accord will serve as the model for more than a dozen others, seen as vital to maintaining international business confidence in the territory beyond the transfer of sovereignty.

It guarantees Dutch businesses the right to take their money out of the territory after 1997 and protects against the nationalisation of their assets, as well as conferring the de-facto Most Favoured Nation (MFN) status on their investments.

Although it was omitted from the official communique issued at the end of the three-day meeting, Government officials revealed that Beijing had endorsed the agreement, subject to a couple of minor changes to the Chinese text.

"It's very significant," said the head of the British team on the JLG's international rights group, Mr David Edwards. "It will certainly help boost business confidence."

The breakthrough came after British Foreign Minister Mr Douglas Hurd took up the issue with his Chinese counterpart, Mr Qian Qichen, at their recent London meeting.

Beijing expressed concern about some of the wording on the Chinese-language draft of the accord, but officials say agreement is now a formality.

"They've picked up on a couple of points and I think they're quite right about them," Mr Edwards said.

Secretary for Trade and Industry Mr Brian Chau Tak-hay is now expected to sign the accord within the next few months, while negotiations will begin with six other countries—including France and Germany.

The clearing of the Dutch accord maintains the Netherlands at the forefront of signing post-1997 agreements with Hong Kong, having also been the first to conclude separate air accords and extradition agreements with the territory.

### **PRC, Hong Kong, Taiwan Join in Fighting Crime**

*HK3103021192 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1203 GMT 20 Mar 92*

[By reporter Peng Weixiang (1756 0251 4382): "High-Ranking Official on Mainland, Hong Kong, and Taiwan Joining Forces To Crack Down on Criminal Activities"]

[Text] Beijing 20 Mar (ZHONGGUO XINWEN SHE)—Mainland, Hong Kong, and Taiwan police forces will augment their cooperation in fighting crime, Liu Wen, Public Security Ministry Criminal Investigation Bureau director, revealed in an interview with Hong Kong and Macao media here this afternoon.

High-level meetings of police forces from the hinterland and Hong Kong have been going on for seven years now. The high-level meetings held in either Hong Kong or Beijing twice a year have played a role in maintaining social order in the hinterland and in Hong Kong.

In answering reporters' questions, Liu Wen acknowledged that problems of criminal activities straddling the mainland, Hong Kong, and Taiwan do exist. He said, presently, such crimes are conspicuously expressed in smuggling, drug trafficking, gun trafficking, economic fraud, and banknote forgery.

This senior Chinese police official said there actually were instances in which hired gunmen were imported to Hong Kong to conduct crimes; however, at this time no reports have been found regarding mainland-based criminal gangs leaving for Hong Kong to conduct crimes.

He particularly stressed that, if anyone from Hong Kong has sneaked into the hinterland after having committed a crime in Hong Kong, police forces in the hinterland would cooperate with their Hong Kong counterparts in investigation, and would repatriate to Hong Kong those criminals apprehended. Likewise, if mainlanders return to the hinterland after committing a crime in Hong Kong, they will be dealt with according to Chinese law after their apprehension.

Liu Wen pointed out, because of the absence of a Sino-British accord on extradition, the Chinese and British sides can only repatriate criminals.

This bureau director denied that Hong Kong's worsened public order resulted from failure of cooperation between Hong Kong and mainland police forces. He said: Cooperation between mainland and Hong Kong police forces has been sound, and there is no question of losing control of public order. In view of the universal escalation in international criminal activities, in addition to the frequent ties between mainland and Hong Kong personalities, the phenomenon of criminals committing crimes outside their native localities is inevitable. Of course, police forces in the hinterland and Hong Kong will work even harder to crack down on crimes.

Discussing gun smuggling, Liu Wen revealed that the smuggled guns primarily originated in Vietnam. It has already been discovered that guns in private possession along the Sino-Vietnamese border had found their way into the hinterland through Guangxi and Yunnan; at the same time, it was also discovered that some Hong Kong people had gone to Guangxi and Yunnan and even crossed the border to Vietnam to purchase guns.

He said: At this time the Chinese police have not yet discovered large scale gun-trafficking gangs; however, the mainland is doing all it can to intercept gun supplies. In this aspect, China and Vietnam are augmenting cooperation to strengthen control along the border.

Liu Wen believed that Taiwan the reports claiming that the mainland had deliberately exported guns to Taiwan, leading to the deterioration of public order in Taiwan, do not hold water. He said: The mainland police have shown great concern for public order in Taiwan.

Liu Wen stressed, prospects are bright for the mainland and Taiwan joint forces to crack down on criminal activities. The fact that the two sides have helped one another repatriate quite a few criminals is a sound beginning for police cooperation between Taiwan and the mainland. Cooperation between the two sides' police forces is currently conducted through the Association for Relations Across the Taiwan Strait and the Straits Exchange Foundation; however, the personnel involved in actual cooperation are policemen. He hoped that direct cooperation between the two sides' police forces will become a reality.

### **Mainland Firm Wins Airport Project Contract**

*HK3103050092 Hong Kong SOUTH CHINA MORNING POST in English 31 Mar 92 p 3*

[By S. Y. Yue]

[Text] A China-owned company has won a second major contract related to the Chek Lap Kok airport project—reclaiming Tung Chung Bay.

China Harbour Engineering won the contract after putting in a \$736 million bid. Its first airport-related contract is part of the West Kowloon reclamation project.

The firm is controlled by the State Council's Ministry of Transport.

The executive director of the company, Mr Fang Tianzhong, said it was also interested in the Central and Wan Chai reclamation project and might team up with Gammon and Nishimatsu to bid for it.

China Harbour Engineering put in the lowest bid among the seven tenders for the Tung Chung Bay project. The second lowest was \$900 million and the highest bid—\$2 billion—was submitted by a consortium led by Gammon.

The Director of Territory Development, Dr Nip Kamfan, said the Government awarded construction contracts to the lowest bidder unless there were special reasons to do otherwise.

"If the bid is far too low and we foresee some difficulties for the company to complete the project, we may consider giving the contract to other bidders," Dr Nip said.

The Provisional Airport Authority was recently criticised for giving the terminal design contract to the highest bidder among the three finalists.

Dr Nip said different considerations were given to the selection of consultants.

"We would like to have the best consultant, which may be more expensive," he said.

"The best consultant will come up with the most economic design for construction and we can have the project constructed at a very low price."

Under the latest contract, China Harbour Engineering company will have to reclaim 52 hectares from the foreshore near the Tung Chung Battery.

The land formed will be for the Tung Chung Phase I Development, which is one of the 10 airport core projects.

Phase I will involve a new town accommodating a population of 20,000 to be completed in 1997, before the opening of the new airport.

Public and private housing, commercial development, open space, government institutions and community facilities will be provided.

Reclamation work will start early next month and will take two years to complete. The contract has specified early hand-overs of certain sections of the work to the Highways Department and Housing Authority to ensure timely commencement of the North Lantau Expressway and the housing projects.

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